NOVEMBER 1975

MONTHLY REVIEW

AN INDEPENDENT SOCIALIST MAGAZINE

VOLUME 27

6

The Weird World of International Money

JACOB MORRIS

European Capitalism's Reserve Army

ANTONY WARD

Marxist Theories of the Capitalist State —Part 2

D. GOLD, C. Y. H. LO & E. O. WRIGHT

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CONTENTS | VOLUME 27 NUMBER 6 NOVEMBER 1975

REVIEW OF THE MONTH: The Weird World of International Money
by Jacob Morris 1
EUROPEAN CAPITALISM'S RESERVE ARMY by Antony Ward 17
THE ROAD TO SOCIALISM: CHILE by Paul M. Sweezy 33
RECENT DEVELOPMENTS IN MARXIST THEORIES OF THE CAPITALIST STATE, Part 2, by David A. Gold, Clarence Y. H. Lo, and Erik Olin Wright 36
CORRESPONDENCE: *In Praise of Socialism: An Exchange*
by Jonah Raskin 52
by Samir Amin 55
Glimpses of Underdevelopment—A Letter from Turkey
by Alan J. Rawick 60

MONTHLY REVIEW: Published monthly except July and August, when bimonthly, and copyright © 1975, by Monthly Review, Inc. Second class postage paid at New York, N. Y.
EDITORIAL AND BUSINESS: 62 West 14th Street, New York, N. Y. 10011.
Telephone: (212) 691-2555.
Europe: R. Handyside, 21 Theobalds Road, London WC1X 8SL.
Telephone: 01-242-3501.
MR Edizione Italiana: viale Orazio Flacco 15, Bari 70124.
Telephone: 241919, 246157.
MR Greek Edition, Panepistimiou 57, No. 215, Athens 131.
MR German Edition, Mega Press,
Julius Heymanstrasse 1,
6 Frankfurt 1, Federal Republic of Germany.
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NEWSSTAND DISTRIBUTOR: B. De Boer, 188 High Street, Nutley, N. J.
SUBSCRIPTION PRICE: One year—$11, U.S.; students $9. $13 foreign; students $10. Institutions and libraries—U.S. $16; foreign $18.
By 1st class mail—U.S. $16; elsewhere $19.
By air mail—No. America $18; So. America and Europe $23.
By air mail—Asia (incl. USSR), Africa, Australia $25.
EDITORS: Paul M. Sweezy Harry Magdoff Leo Huberman (1903-1968)
ASSOCIATE EDITOR: Bobbye Ortiz

NOTES FROM THE EDITORS

It would be hard to imagine a more eloquent commentary on the sorry state of bourgeois social science than the award of the Nobel Prize in economics to two developers of a mathematical approach which purports to tell anyone interested (mostly corporate managers in the capitalist countries and planning bureaucrats in the Soviet-type economies) how to maximize the product of given resources or minimize the cost of a given product. This is not to cast aspersion on the merits of the recipients (Koopmans of the United States and Kantorovich of the USSR) but only to point out that their work has nothing whatever to do with the life-and-death problems, largely though not entirely economic in nature, which dominate the lives and threaten the very existence alike of individuals, countries, and humanity as a whole. The degeneration of bourgeois thought in the two centuries since the publication of Adam Smith's *Wealth of Nations*, which appeared in the same year as the American Declaration of Independence, could hardly be more dramatically highlighted.

Fortunately, the precipitous decline of bourgeois social science is now being matched by equally spectacular advances in Marxist thought. The most notable of these advances in the last few years has been the work of Third World thinkers, with Asia and Africa and Latin America

(*Continued on inside back cover*)

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THE WEIRD WORLD OF INTERNATIONAL MONEY

By Jacob Morris

There is no end to the stream of new and strange phenomena which provide evidence of the deepening and shifting tensions in the international monetary relations of the capitalist world. The deep inner conflicts and disequilibria are, in our judgment, of crisis proportions. It may seem peculiar to refer to a situation which has been developing for at least ten years, and may very well last ten more, as a crisis. However in the stream of historical time a decade is but a moment, and since we are dealing with a deep malaise of great historical significance and most uncertain prognosis, the term crisis seems justified.

Many articles in this journal have analyzed various aspects of the crisis, linking it up in one way or another with the general crisis of world capitalism. In this article we will, among other things, pay some attention to the impact of the oil crisis on the international monetary crisis. To appraise this impact we shall have to deal with such apparently unrelated matters as the downfall of "paper gold," the state of the Eurodollar banking system, and the free market price of real gold. The main feature of the oil crisis that is of importance in this context is the international payments deficit of the oil-importing countries of the so-called Third World—the poor cousin branch of the "developing" world. These unfortunates are believed to be running in the red in their accounts with the oil-exporting or OPEC countries at the rate of about $35 billion per year.

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In our judgment the oil crisis is likely to compound the money crisis in such a way as to trigger off a new series of explosions in the international monetary mine field. This could produce big disruptions in international trade and finance and especially in international banking. Unhappily, the problems we are dealing with here are so complex that we will first have to develop a good deal of preliminary explanation and background material before we can really tackle them effectively.

The center of the international money crisis—the eye of the storm, so to speak—is often referred to by financial writers as the gold-dollar war. This is what Marx would have called a fetishistic expression. What we have here are two inert entities, piles of gold and piles of paper, and yet we speak of them, indeed are forced to speak of them, as if they were autonomous or self-moving energetic social organisms. Fetishism is, according to Marx, a consequence of the anarchy of capitalist production, which obliges us to see the world as one where, to quote Emerson, "things are in the saddle and ride mankind." The term gold-dollar war is a succinct symbolic expression for the struggle in the area of money and finance between U.S. capitalism and the rest of the capitalist nations over the issue of American hegemony of the capitalist world. In our judgment, it is a war that cannot be won by either side because, with or without American hegemony, the general crisis of world capitalism will deepen.

During August 1975 the member nations of the International Monetary Fund (IMF), acting through the IMF's Monetary Negotiations Committee, came to a new preliminary agreement about the valuation of gold stocks and about the buying and selling of gold bullion by central banks and the IMF itself. This agreement, if it is not abandoned in the meantime because of conflicting interpretations which have already erupted *en masse,* is scheduled to become effective sometime in 1976 after clearing legislative hurdles in various countries.

Prior to this agreement, central bank gold stocks were supposed to be valued at the artificially low "official" price of $42.22 per ounce. Only France had previously broken ranks on this rule and changed its gold stock valuation, early in 1975, to the free market price (around $150 per oz.). However,

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even earlier, in 1974, West Germany had made a $2 billion loan to Italy on the security of Italian gold stocks valued at the free market price. This was an indirect abrogation of the official gold price. Evidently the high free market price of gold was, as a practical matter, pushing the low official price into limbo. Thus none of the experts was surprised that under the new IMF agreement the official gold price was abolished in favor of the free market price. The use of a price of $150 per oz. will raise the valuation of the gold stocks of the central banks of the capitalist world, including the United States, by about $100 billion (from $44 billion to $144 billion). The gold-hating U.S. government incidentally would pick up a nice $28 billion profit since its gold stock value would increase from $12 billion to $40 billion at the $150 per oz. gold price.

Prior to the new agreement, central banks were pledged not to buy gold in the free market, although they were allowed to sell it there. They were also pledged not to buy or sell gold to each other except at the official price. None of the central banks sold a single ounce at the official price, and only the United States sold any gold at all in the free market (there were two such U.S. sales of insignificant amounts of bullion). Under the new agreement, trading of gold among central banks will be permitted at the free market price, and the banks may buy gold (subject to some superficial restrictions of no practical importance) in the free market. This is an important change, the full significance of which will be made clear later.

None of the changes just mentioned made headlines or even received decent news coverage in the American financial press. Another item in the IMF agreement that didn't make headlines was a provision that the IMF would return one sixth of its 150-million-ounce gold hoard to the central banks which had originally contributed it to the IMF. The book profit to the central banks on the 25 million ounces returned would be a mere $2.5 billion—just peanuts compared to the $100 billion profit of their existing gold stocks.

The one item in the new agreement that did make big headlines was a provision that the IMF would sell another 25 million ounces of gold, presumably on the free market, and donate the expected profit on the sale of approximately $2.5

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billion to the oil-importing countries of the Third World (the reader will recall that this group of countries needs some $35 billion a year to cover its oil payment deficits).

The planned sale of 25 million ounces of gold by the IMF was played up by U.S. government press releases and by financial writers for the *New York Times* and others as a sign of the impending *demonetization* of gold. Many of the speculators and traders in the free gold market must have had visions of the IMF hawking gold bars on the street corners, and quite a few of them panicked when, just at the same time, news arrived from Switzerland that the USSR was making big gold sales on the free market in order to pay for its grain imports from the United States and Canada.

The shock of these news items caused a big drop during the month of September (when this article was being written) in the free market gold price which went down from about $160 per oz. to below $130 per oz. Since the central banks have about one billion ounces of gold in their stocks, this price drop clipped them for more than $30 billion in their anticipated profits. Despite this big loss, there was no market intervention by the central banks to support the free market gold price since the banks are still bound by the old IMF rules. If and when the IMF makes the planned gold sales in 1976, the central banks will be free to buy up the lot, and there is not much doubt that they will do so, if for no other reason than to protect the book value and transfer value of their billion-ounce gold stock.

A day or so after the announcement of the IMF agreement, the Reuters press agency reported that banking sources in Switzerland had come to an appraisal of the agreement which was in complete opposition to the one trumpeted forth by the U.S. government and swallowed hook, line, and sinker by the *New York Times*. The Swiss bankers had concluded that the IMF agreement as a whole was a step toward *remonetization* of gold. A few days later, the *New York Times* in a long editorial, and without acknowledging any previous errors of interpretation by its financial writers, completely reversed its position. The editorial now attacked the IMF agreement as

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harmful to the oil-poor developing nations and as a step backward toward the old hateful system of domination by gold.

Finally on September 14th, the Sunday *Times* published a big article by Professor Fritz Machlup of New York University, a world renowned expert on monetary affairs, which carried the following headlines: "Monetary Reform is Back at Square One" — "Verbiage Aside, New IMF Accord Betrays Former Key Principles" — "The Lauded Special Drawing Rights and the Control They Were to Represent in International Accountings Have Been Eclipsed by Gold—Again."

Special Drawing Rights (SDRs or paper gold) were introduced through the IMF in 1970 as a new form of international money for use in central bank reserves. They were supposed eventually to replace both gold and foreign exchange as principal central-bank reserve assets. Professor Machlup pointed out that over a five-year period only about $10 billion in SDRs had been issued by the IMF, whereas gold and foreign-exchange reserves had increased from about $82 billion to over $300 billion (allowing for revaluation of gold stocks under the new IMF rules). He concluded that "with some $10 billion of SDRs it would be absurd to attempt to regulate global reserves of more than $300 billion, half of which is revalued gold held by national monetary authorities." In other words, the SDR or paper gold system as a solution for the world money mess is so far quite ineffective, in fact a total failure.

The reason why SDRs are unlikely ever to make it in our rough-and-tumble capitalist world is simply that they do not fit in with the needs of capitalism and capitalist money systems. To Professor Machlup, on the other hand, the downfall of the SDRs can only be explained by the duplicity, stupidity, and cowardice of central bankers and government officials. While the professor has a point there, the explanation is not persuasive. These gentlemen do not run the capitalist system; it is the other way around—the capitalist system runs them. The anarchic system permits these masterminds certain choices which are not available to ordinary people, but not choices which violate the laws of the capitalist system. Such choices come inevitably to an abortive end. That's the SDR story in a nutshell.

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At this point we must try to freshen up our understanding of the fundamental nature of the international monetary crisis. As this has been explained over the years by various writers in these pages, there are three interacting elements (or groups of elements). First and foremost we have the fact that the United States has for a long time been financing capital exports and overseas military and political expenditures (which in total dollar value were very much larger than U.S. merchandise export surpluses plus earnings on foreign investment and other payments from abroad) by flooding the capitalist world with its IOUs, mainly short-term IOUs. These American IOUs take a bewildering multitude of different forms and arise in a bewildering variety of different ways. A very important form in which American short-term debt is held by foreigners is dollar bank deposits—mostly interest-bearing time deposits—in American banks or in so-called Eurodollar banks.* For convenience of expression we will hereafter refer to all such and similar liquid dollar assets owned by foreign central and commercial banks, non-bank firms, and other entities as *external* American money.

Believe it or not, a lot of this external American money is now being manufactured abroad without the benefit or blessing of the U.S. government or our Federal Reserve System. Here's one way it happens. A Eurodollar bank takes the dollar IOU

* Eurodollar banks are foreign banks, often foreign branches of U.S. banks, which accept dollar deposits and make dollar loans. They thus swap short-term IOUs (deposits) for longer-term IOUs (loans). Lots of their dollar deposits come from other banks and lots of their loans are made to other banks. They hold whatever liquid cash reserves they do hold, say to meet a run of withdrawals of customers' deposits, in the form of ready dollar deposits of their own in U.S. domestic banks. That's why European governments are worried about the condition of these banks and the effect on them and the Eurodollar system of a default by New York City and other borrowers. The cash reserve ratio is rumored to be quite low, but no figures are available. The activity of these banks constitutes a largely uncontrolled world money market in U.S. dollars in that interest-bearing short-term dollar IOUs are bought and sold for ready dollars. Information about these banks—very sketchy and obscure—is obtainable only from reports of the Bank for International Settlements (BIS) of Basel, Switzerland. A good theoretical explanation of the Eurodollar market is given in a paper by Fritz Machlup entitled "Eurodollar Creation: A Mystery Story," Princeton, 1970, Reprints in International Finance, No. 16.

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of an American multinational corporation for, say, $50 million and gives the corporation a dollar bank-deposit credit of the same amount. The corporation uses the bank-deposit money to buy $50 million of raw materials in South America. South American entities wind up owning $50 million of external American money in the form of dollar deposits at a Eurodollar bank. It was in this way that the oil payment deficits of the Third World nations in 1974 were covered to a large extent by Eurodollar loans. The Eurodollar banks now have in their assets lots of dollar IOUs of the oil-importing nations, and the OPEC oil-exporting nations now have lots of dollar time deposits in the Eurodollar banks. Once upon a time American external money was created almost exclusively by American balance-of-payment deficits. Now other nations, if they qualify for Eurodollar loans, can convert their balance-of-payment deficits into American external money too!

Foreign central banks, commercial banks, non-bank firms, and other foreign entities own their external American money in the forms of U.S. government short-term debt and dollar time deposits in American banks or in Eurodollar banks. It is impossible to tell just how big the total amount of external American money is because there are a lot of duplications in the available data. Thus according to the latest report of the Bank for International Settlements (BIS), Eurodollar banks in eight European countries showed dollar deposit liabilities to customers of $156 billion, and this is only one of many forms in which American external money is held. However these Eurodollar banks had, as part of their assets, offsetting deposits in American banks and to that extent were only intermediaries between their deposit customers and the American banks.

A reasonable estimate would seem to be that, net of inter-bank duplication, the total of American external money is in the neighborhood of $200 billion. About $100 billion of the total is owned by foreign central banks and forms part of their so-called international reserves. Whatever the exact total, there is pretty good evidence that it must be reckoned in hundreds of billions and that the total has been increasing at the rate of about 20 percent per annum in recent years.

If the first major element in the international monetary

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crisis is the mushrooming of external American money, the second element in the crisis is the continuous depreciation of the purchasing power of that money in relation to commodities produced for sale in world markets. During the past five years the depreciation in this commodity purchasing power has been over 50 percent. This depreciation reflects, of course, world-wide price inflation. But the latter in turn is inseparable from the deficit spending—the buying by borrowing, abroad and at home, of governments, businesses, and individuals as consumers. Here, as in other destructive activities, the United States leads the capitalist world.

The third element in the international monetary crisis resides in the determination of the U.S. government to break down all barriers to the continued expansion of American external money with all that it implies. It implies, above all, power to American monopoly capitalism to buy up as much of the capitalist world as it pleases—raw materials, factories, mines, labor power, governments, anything and everything—and to pay not with real commodities but with paper, with dollar IOUs. This in turn requires that foreign governments and central banks should continue to add American money to their international reserves and that they be discouraged from any attempt or temptation to switch to gold reserves as a substitute for dollar reserves. This explains the American government's war against gold, which it has carried on inside and outside the International Monetary Fund in a dozen different ways.

In order to understand how the three elements just described interact to form the international monetary crisis, we have to understand what "international reserves" are, what they do, and what the advantages and disadvantages are of the two main contenders for the world money championship.

The international or world money reserves of a particular sovereign nation must be the kind of money which can be used to buy commodities from foreign nations. It must, above all, be the kind of money that can be used in a war situation to buy foreign-produced food, raw materials, and armaments. The one thing it *cannot* be is domestic paper currency. Hence it must take the form either of foreign money (foreign exchange) or of gold. Thus the U.S. dollar is foreign exchange for all nations

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except the United States, while for the United States foreign exchange means sterling, marks, francs, yen, etc. These currencies are also foreign exchange for other countries when they are off home grounds. For the capitalist nations outside the United States all the various forms of external American money held by their central banks are reckoned as part of their international reserves. Curiously, many central banks keep part of their international reserves in the form of interest-bearing time dollar deposits in Eurodollar banks. Apparently their confidence in the Eurodollar banks is so great that they are certain that they can get their dollars out in a hurry in the event of a national emergency. Either that or they have forgotten what international reserves are for. As the footnote on page 6 explains, the liquidity of the Eurodollar banking system depends on the American banking system, so that the security of a portion of the international reserves depends on what happens to American bank loans to New York City and other shaky local governments, not to mention loans to shaky Real Estate Investment Trusts, merchandise chains like W. T. Grant, and others. As indicated earlier, the U.S. dollar component of the international reserves of the capitalist world is believed to be about $100 billion, which is about two thirds of the foreign exchange segment of the total international reserves.

How do foreign exchange reserves such as external American dollars come into existence? We have already described two ways—via U.S. balance-of-payments deficits covered by American IOUs, and via balance-of-payments deficits of other countries which are covered by dollar loans from American banks or from Eurodollar banks. According to the last BIS report, the 1974 balance-of-payments deficits of the oil-importing nations of the Third World were largely covered by Eurodollar loans.

A third important mode of origin is by currency swaps. If the Bank of England swaps pounds for dollars with the U.S. Federal Reserve System—presto change-o!—both Britain and the U.S. magically produce increases in their foreign exchange reserves, since the Bank of England has more dollars and the Federal Reserve has more pounds.

The International Monetary Fund is essentially a currency swap arrangement covered by many layers of technical camou-

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flage. Each of the 147 participating nations has handed over to the IMF a certain amount of gold and a certain amount of its own paper money or IOUs, in accordance with a quota system reflecting its importance in world trade. At the end of 1974 these handovers had a dollar value of $22 billion, of which gold (valued at the official price of $42.22 per ounce) constituted about $6 billion. The $22 billion IMF money pie, with its 30 percent golden crust and 70 percent paper filling, is allocated to the participating nations in the form of so-called "reserve positions" ($11 billion) and Special Drawing Rights ($11 billion). The new-fangled SDR part of the IMF money pie is technically a little different from the old-fashioned "reserve position" part. (The current equality of the two parts is accidental and only the SDR part can, under present rules, increase in the future.)*

Under IMF rules each nation may, in effect, and leaving out technical details, transfer a piece of its share of the IMF money pie to other nations in settlement of balance-of-payment deficits. When nation A transfers $50 million of its share of the IMF money pie to nation B, it is doing pretty much the same thing as if it paid B $15 million in gold plus $35 million in B's paper currency, which it had previously acquired by means of a currency swap.

There are many reasons why the other capitalist nations are deeply worried about the external American money which constitutes the biggest part of their foreign-exchange reserves. According to the BIS annual reports the total foreign-exchange reserves of the capitalist world increased from a dollar value of $45 billion at the end of 1970 to $161 billion at the end of 1974, an increase of 250 percent in a four-year period; most of this increase was in the dollar component of the reserves. Now the bigger the dollar amounts are, and the faster they increase, the more their foreign owners worry about the possibility of the dollar's losing value in relation to other currencies.

* The SDR part of the IMF money pie differs from the older IMF "reserve position" part in two respects. The SDRs earn some small interest credits and if a nation gets loaded up with SDRs beyond a certain formula limit, the excess has to be redeemed by the IMF in gold.

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They even worry about the possibility of an outright repudiation of all external American debt during a severe crisis period. They are also deeply worried by the endless depreciation of the dollar—this applies as well to other paper currencies—in terms of purchasing power for commodities sold in world markets.*

Against these worries and concerns motivating foreign nations to reduce their holdings of American dollars in favor of gold, there is one very big reason on the other side, i.e., preferring dollars to gold. U.S. dollars, even when held by foreign central banks, can function as money capital all over the capitalist world and earn high rates of interest. We have already mentioned one rather risky way that this is done. Central banks invest a large part of their dollars in the form of time deposits in Eurodollar banks. These banks in turn use the deposited dollars to make high-interest loans to other banks, to other financial and non-financial corporations, and to government agencies all over the world.

The big disadvantage of gold bullion as international reserves or world money is that it cannot directly function as money capital and earn interest. As a store of value, however, it is infinitely superior to paper money. Paper money can be repudiated but the value of gold is attached to its material substance and this value can be neither created nor destroyed by the stroke of a pen. The amount of new gold mined each year, including the socialist world, is only about 3 percent of the existing stock of bullion and coins held by central banks and private hoarders. About half of the 3 percent is used for the production of jewelry, dental supplies, and other commodities. The possible rates of increase in gold bullion and coin stocks are very small as compared with the enormous rates of increase which can occur and have occurred in paper money stocks.

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* British pound sterling IOUs (external British money) are also present in large amounts in the foreign exchange reserves of many nations. These nations are showing much reluctance to add to their sterling reserves. For this and many other reasons the danger of further depreciation of the pound has become very great. Much of the argument of this article which pertains to external American dollars pertains with even greater force to external British sterling.

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Another important feature of gold is that over a fairly long period of time, and assuming that central banks continue to hold gold as international reserves, the value of gold expressed in paper money will increase at about the same rate as the general price level. Thus, in the long run, its purchasing power relative to other commodities will not depreciate. The reason for this is that, unlike paper money, gold is a material commodity with a real cost of production and its free market price will be correlated with that cost. If the general price level rises, so will the cost of production and the market price of gold, when all are reckoned in paper money.

One conclusion springs at once from this analysis. SDRs are the worst possible form of international reserves. They have all the disadvantages of dollars and gold and none of their advantages. Like gold they cannot directly function as money capital and like paper dollars they can be created out of nothing. And like dollars they can depreciate, be devalued, or be repudiated. This is the obvious reason for the downfall of the SDRs which so agitates Professor Machlup.

What world capitalism needs is a world money which is both an efficient and safe store of value and which can function as money capital. The U.S. dollar seemed to fill the bill perfectly in the period after the Second World War when, after the early upward shift in prices, the price level was relatively stable, and before the capitalist world was swamped by a dollar flood. Under present conditions neither gold nor the dollar fills the bill.

According to our analysis, the elements of the international monetary crisis interact so as to produce powerful pressures on all central banks to maintain some sort of balance and proportion between their holdings of gold and their holdings of dollars. The U.S. government, however, has done everything possible to prevent the central banks from increasing their gold holdings in proportion to the increase in their dollar holdings. The new IMF rules clear the way for such gold increases. But even if the new rules never go into effect, sooner or later the central banks will be trading in gold at "realistic" prices and adjusting their positions as suits their needs. A good case could be made for defining a "realistic" gold price as one which is corre-

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lated with the overall price level of world market commodity prices. It would not be difficult for the central bankers to quietly intervene in the gold market so as to help the market produce such a "realistic" result.

As in Vietnam, the more the U.S. government seeks to prevent the inevitable from occurring, the more likely it is that the inevitable will occur in one tremendous crash. A sudden rush among the holders of dollars into gold could bring down the whole Eurodollar banking system and produce major disruptions in world finance and world trade.

We are now, at last, in a position to appraise the real meaning of the proposed changes in the IMF rules described earlier. By removing restrictions against gold trading by central banks, the new rules would clear the way for these banks to increase their gold holdings in proportion to their dollar holdings. Professor Machlup correctly interprets this development, the necessity for which he did not appreciate, as a virtual death sentence for the SDR system. This system, we must remember, had contemplated an eventual phase-out of both gold and dollars as international reserves. Private gold speculators and hoarders, seizing on the most obvious element in the new IMF rules—the one permitting the IMF itself to sell gold—incorrectly interpreted the import of the new rules as a whole. Their panic selling of gold produced a sharp drop in its free market price during the month of September. According to our analysis, long-term forces, to which central bank trading in gold would add a new impetus, are operating to raise the free market price of gold.

We would now like the reader to examine the two tables below (see page 14) which have been prepared from data presented in the June 1975 report of the Bank for International Settlements. (By "capitalist world" is meant the 147 nations belonging to the IMF.)

The first table shows that the total of international reserves, or world money, increased in 1974 by $42 billion from $296 billion at the beginning of the year to $338 billion at the end. The foreign-exchange reserve component increased by $36 billion from $125 billion to $161 billion, a 30 percent increase. According to the BIS report, most of the foreign-exchange in-

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TABLE 1
International Reserves of the Capitalist World
(in millions of U.S. dollars)

	Dec. 31, 1974	*Dec. 31, 1973*	*Increase for year*
Foreign Exchange	160,785	124,625	36,160
Gold[1]	155,277	153,234	2,043
IMF Money Pie[2]	21,675	18,070	3,605
Totals	337,737	295,929	41,808

1. Revalued at $150 per ounce.
2. Reserve positions and SDRs.

crease occurred in the dollar segment which, as near as we can tell, was about $34 billion. Now where did this $34 billion increase in external American money come from? According to the BIS, about $10 billion or so came from IOUs covering the U.S. balance-of-payments deficit. The rest of the increase, about $24 billion, originated in dollar loans obtained by the oil-importing nations of the Third World from U.S. and Eurodollar banks, in a manner already described.

The second table shows that, of the $36 billion increase in total foreign-exchange reserves, about $34 billion accrued to the nations of the OPEC oil cartel. As just indicated, $24 billion of this came from the poor oil-importing part of the Third World. During 1974 the total international reserves of the OPEC countries, including gold and their small piece of the IMF money pie, increased by $37 billion, from $22 billion at the beginning of the year to $59 billion at the end. (These data are in the BIS report but not shown in our tables.) Of the year-end $59 billion, the gold part amounted to about $5

TABLE 2
Analysis of 1974 Increase in Foreign-Exchange Reserves
(in millions of U.S. dollars)

Ten Leading Capitalist Nations	1,865
Small Capitalist Nations	–2,230
Third World, excluding OPEC	2,115
OPEC Nations	34,410
	36,160

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billion (valued at $150 per ounce). By the end of 1975, total OPEC reserves may be up to $90 billion or $100 billion, a lot of it in sterling deposits in British banks and a lot more of it in dollar deposits in Eurodollar and American banks.

Will the OPEC countries be content with only a 5 percent gold component in their total international reserves when the capitalist countries outside the Third World have a 50 percent gold component in theirs? How will OPEC react to the next devaluation of the British pound? Will they switch to dollars, or switch to gold, or both? Obviously we don't know the answers, but our whole analysis suggests that there is stormy weather ahead in the international monetary and banking system.

Where will the Third World countries outside of the OPEC group get the $35 billion or so they will need to cover their 1975 oil payment deficits? In 1974 they were able to obtain bank loans to cover their payment deficits and actually added to their international reserves, which totalled just about $35 billion at the end of the year. They will probably use up a good fraction of those reserves this year. The new IMF rules provide for a $2.5 billion handout to this group in 1976 from the gold revaluation profit. They will undoubtedly be able to get some new loans or grants from the OPEC nations. They have been demanding that the IMF change its recipe for making its money pie, and they want a much bigger piece of a much bigger IMF money pie. Our analysis of this concoction suggests that the OPEC countries will not trade oil for IMF paper, even if the strong capitalist nations permitted an expanded manufacture of that paper. That the latter will do so seems most unlikely.

With the poor cousins of the Third World forced to bear the brunt of the oil crisis, they are not going to be in very good shape to pay off the bank loans that they have been piling up the past few years. If the Eurodollar banking system starts shaking a bit because of this, the first group of big depositors who may want to cash in their chips are the Sheiks of Araby. This could well bring down the whole Eurodollar banking system.

The chemicals in the witches' brew of international money

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are so many, and are interacting in such complex ways, that it is utterly impossible to predict what the next phase of the international money crisis will be, or when or how it will occur. By the time this article is published some of the things said here will probably appear out of focus to the reader. The only certain conclusion revealed by a Marxist analysis is that the international money field is a highly unstable and potentially explosive mine field and that this bodes ill for those who are counting on a new stabilization of the moribund world capitalist system.

(September 15, 1975)

With the development of the credit system and of interest-bearing capital all capital seems to double, or even treble, itself by the various modes, in which the same capital, or perhaps the same claims on a debt, appears in different forms in different hands.

—Karl Marx, *Capital,* vol. 3

There must be something rotten in the very core of a social system which increases its wealth without diminishing its misery, and increases in crime even more rapidly than in numbers.

—Karl Marx, *New York Daily Tribune,* September 16, 1859

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EUROPEAN CAPITALISM'S RESERVE ARMY

BY ANTONY WARD

In *For the Revision of the Party Program* Lenin speaks of the "measureless and shameless" exploitation of foreign workers from less developed countries as "especially characteristic" of imperialism. Today some eleven million people from the underdeveloped nations of Southern Europe and the Mediterranean are living and working in the industrialized nations of Northwestern Europe, under conditions of measureless and shameless, if often discreetly veiled, exploitation. These foreign workers —"guest workers," to employ the charming German euphemism for them—have become a necessary element in the maintenance of the capitalist structure of industrialized Europe. At the same time, the workers' mass emigration has constituted for their homelands an enormous drain on limited resources, and has been a principal contribution in the Mediterranean countries to what Carlos Almeida has termed "the development of underdevelopment." In this and a following article I will examine some of the effects of this migration, first on the industrialized countries of Northwestern Europe, with special reference to the German Federal Republic, and then on the Mediterranean countries from which the millions have emigrated.

This is the first of two articles on European capitalism's migratory labor system. The author is an anthropologist and community organizer, who specializes in problems of immigrant groups. The research for his doctoral thesis, from which this article is taken, was supported in part by a grant from the Ford Foundation.

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The foreign workers, and in some senses the entire populations of their homelands, are now the principal source of a reserve army of labor for Northwestern European capitalism. In the post-Second World War period—indeed in much of the period since the Franco-Prussian War—Germany, France, England, the Benelux countries, and Scandinavia have found their traditional sources of reserve army of labor seriously depleted. By 1972, for example, agricultural employment as a percentage of all civilian employment had dropped to 7.5 percent in the German Federal Republic, 12.6 percent in France, 6.7 percent in Holland, and 3.0 in Britain. At such low levels, these agricultural populations can no longer form an important source of reserve labor.

Women, children, and old people—critically important sources of reserve labor in less developed stages of capitalism—lose some of their significance in late capitalism. There is a general tendency for the school-leaving age to rise, and older people are more certain of receiving an adequate pension. Women are exploited as reserve labor, but the society's need for cheap child care and housekeeping, plus bourgeois traditions, tends to set limits to this source.

Another traditional source of reserve army was the mass of urban unemployed and semi-employed, with its accompanying lumpenproletariat, vast urban slums, criminality, and disease. For reasons which are clearly connected to events of the 1930s and 1940s, the ruling elites of England, France, the German Federal Republic, and the other industrialized nations of Europe seem unwilling to accept the existence of such unemployed masses—at least, far less willing than the American elite.*

It is in this light that one must appreciate the genius—for

* An equally, if not more important, factor may have been the extraordinarily high rate of capital accumulation which has characterized world capitalism since the Second World War and which has apparently come to an end with the current economic crisis. That this crisis will have, indeed is already having, a profound impact on the whole foreign-worker system is not open to doubt. Antony Ward's articles do not attempt to deal with this aspect of the problem. They do, however, provide theoretical and factual material essential to an understanding of current developments in the whole zone of European capitalism and its Mediterranean periphery. — The Editors

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purposes of capitalist exploitation—of the system of migratory labor which has arisen in Northwestern Europe. Modern transportation has permitted capitalists to draw on a virtually inexhaustible pool of reserve labor, which exists physically at a safe distance from the industrial cities, hundreds or even thousands of miles away, across seas, mountain ranges, and most important, across national boundaries. The industrial cities are thus able to enjoy all of the advantages of a reserve army, without suffering any of the usual political and social costs.

In the German Federal Republic, Switzerland, Benelux, and Scandinavia this system reaches its apotheosis, and the results are astonishing. In Germany the traditional slums of industrial cities are simply missing. Even the housing conditions of the millions of migratory workers, who fill the most unpleasant and poorest paid jobs in the economy, seem adequate in comparison to the general conditions of workers' housing in previous decades. No slums, little crime, little unrest among the workers, little or no unemployment: capitalism, cleansed and redeemed!

To find the slums of West Berlin, Düsseldorf, or Cologne one must travel south, to the impoverished towns and villages of the Algarve, of Andalusia, Calabria, Greece, and Anatolia. Here is the home of West Germany's present reserve army, in conditions of poverty as bad as those in our traditional Harlems. And the people there, while they may receive some income from their direct or indirect involvement in the industries of Northern Europe, enjoy almost none of the indirect benefits of industrial capitalism. Enlightened social-security provisions for old age and sickness and advanced laws for the control of housing and working conditions are reserved to the developed countries of the North. Even the problematic comforts of bourgeois democratic institutions are for the most part denied to these people; four of the five principal areas of emigration (Portugal, Spain, Greece, and Turkey) are, or until recently have been, ruled by reactionary military regimes—regimes which of course receive support and arms from the bourgeois democracies of the North.

Migratory labor is not a wholly new development in postwar Europe. Germany, for instance, after its unification in the late nineteenth century, experienced such rapid economic devel-

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opment that it was apparently unable to convert its domestic reserve army quickly enough from agriculture and housekeeping, and was forced to import large numbers of Polish and Italian workers for such hard-pressed economic sectors as agriculture and mining. By the beginning of the First World War the number of these workers exceeded one million.[1]* This may have been the first occasion on which the economic need for more labor arose in combination with the existence of a means of transportation—the then new railroads—which permitted workers to be imported reasonably quickly when needed. It is not clear, however, from available sources whether the advantages of the new "re-exportable" kind of migratory labor were understood by capitalists and government officials in Germany at that time. The First World War disrupted this incipient development in Germany, since Italy and Russian Poland, the principal countries of emigration at that time, were hostile to Germany.

But during that war, and to an even greater extent in the 1920s, France began a conscious policy of encouraging migratory labor, forced to it in this case not by economic expansion but by the enormous manpower losses of the war. Again it is not clear to what extent the French public and the ruling class saw these as permanent settlers, on the model of older migrations within Europe or from Europe to America. Whatever the intention, the Great Depression and the Second World War caused a massive exodus of these workers.

It was in Nazi Germany, however, that large-scale use of migratory labor was first fully conceived and carried out as a consistent policy, and on a vast scale which has only recently again been equalled in Europe. The recruitment of foreign labor to work in German industry and agriculture was, of course, a response to the manpower shortage and economic boom created by the Second World War. The German reserve army of labor was absorbed quite early by the Nazis' revived armaments industry, and by the late 1930s Germany was enjoying full employment.

The Nazi program operated on a massive scale: from May

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* Numbered notes will be found at the end of the article.

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31, 1939, to September 31, 1944, the number of foreign workers in Germany increased from 301,000 to 7,487,000, or from .8 percent to 20.8 percent of the labor force. In the arms industry they formed 35 percent of the labor force in 1944. In all, as many as 10 to 12 million workers may have been involved, though they never totalled more than 8.1 million at any one time.[2] The program involved labor recruitment methods that were little different from military draft, often prison-like living conditions for the workers, and a carefully delineated wage scale which not only differentiated between German and foreign workers, but between the different nationalities of foreigners on the basis of the Nazis' concept of the different groups' racial distance from the Aryan ideal. But despite these characteristics, and despite the many "errors" and "inefficiencies" in the Nazi labor program, the Nazis were able to learn from their mistakes, and by the later part of the war they had developed policies which were beginning to bear a noticeable resemblance to present practices.

At the higher levels of government and industry the employment of migratory labor was occasionally portrayed, then as now, in glowing images of international cooperation, and here the continuities in migratory labor policies between the Nazi and postwar periods are particularly clear:

> The masses of volunteer foreign workers decided to sit at the German workbench, and thereby to offer heart and hand for the new organizational unity and rational ordering of Europe.
>
> F. Didier, *Europe Works in Germany,* Berlin, 1943.

> The guest workers have brought us proof that the fusion of Europe and the drawing together of people of the most varied backgrounds and manners are a reality.
>
> German Federal Press Office, Bonn, 1964.

Plus ça change. . . !

In the period immediately after the war, generally depressed economic conditions and the return of soldiers, prisoners of war, and so on, provided a labor surplus in most of the industrialized nations for several years. In the German Federal Republic, several circumstances prolonged the period of labor surplus until at least the middle 1950s, and perhaps until the early 1960s, despite rapid economic growth. The greater physi-

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cal devastation of German industry during the war, and the slower recovery in the first few years after its end, meant a lack of workplaces in proportion to the work force. At the same time the emigration of millions of Germans from the large formerly German areas of Poland and the Soviet Union to West Germany provided a huge surplus of workers; and until the building of the "Berlin Wall" in 1961 the flight of millions of Germans from the German Democratic Republic to the West was another source of labor. But even these sources were insufficient to keep pace with West German economic growth, estimated to have averaged 7.9 percent a year from 1950 to 1960. By 1956, the German Federal Republic listed 220,000 unfilled jobs.

By the late 1960s the economic boom which resulted in part from the formation of the European Economic Community had forced the countries of Northwestern Europe to a large-scale utilization of immigrant labor. The Treaty of Rome, by which the EEC was established, contains stringent provisions (Articles 48 and 49) requiring the free movement of labor within the Common Market. Later in the 1960s bilateral agreements between the countries of immigration and of emigration became common: treaties were signed between France and Algeria, between the German Federal Republic and Spain and Turkey, etc.

By 1969 there were at least 10.7 million immigrant workers and their families in the nine industrialized countries of Northern Europe (Austria, Belgium, France, German Federal Republic, Great Britain, Luxembourg, Netherlands, Sweden, and Switzerland). This figure under-represents the actual totals at that time, since four of the countries (Austria, Luxembourg, Netherlands, and Sweden) offered statistics only on working immigrants, and not on their non-working dependents. The countries with the largest masses of immigrant laborers in 1969 were France, West Germany, and Great Britain, with respectively 3.2, 3.0, and 2.6 million workers. But some of the smaller nations had proportionally even higher levels of utilization of migrant labor; in Switzerland, for instance, the immigrants formed 16 percent of the work force.

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The most important sources of immigrant labor in Northern Europe in 1969 in order of importance were: Italy (with more than 1,820,000 emigrants), followed by Spain, the Irish Republic (which ships its workers only to Great Britain), Algeria (only to France), Yugoslavia, Portugal, Turkey, and Greece.[3] Since then, the numbers have continued to grow. In France, the number reached 3.8 million in 1972, of whom 2 million were workers and the remainder dependents. (*Frankfurter Rundschau,* September 7, 1973) In the German Federal Republic there are now some 4.0 million immigrants, 2.5 million of whom are workers. If similar increases have taken place in the other countries since 1970, the present total of immigrants would be over 13 million.

Even a city like West Berlin, comparatively less touched by immigration than cities in West Germany, feels the impact of the newcomers. Kreuzberg, the old working-class neighborhood described by Isherwood in his Berlin stories, has 20,500 Turks in a population of 160,000, and most of the Turks are concentrated in a few of the more run-down streets. Five thousand are under the age of 14, which has a powerful impact on the schools; and more Turks are on the way—650 of 1,720 new births in the Kreuzberg hospital in 1972 were Turkish. (*Der Spiegel,* No. 31, 1973) Turkish restaurants, grocery stores, and travel bureaus abound in the neighborhood; and in one of Kreuzberg's scruffy parks the authorities have put up new signs, warning people in neatly lettered Turkish, Greek, Serbo-Croatian, and German please to keep off the grass.

The question arises whether this mass of foreign workers is truly "re-exportable," as it ought to be to fulfill one of its purposes; there is always the danger that these workers will remain in the industrial cities in a time of economic crisis, and form an angry cohort, just as dangerous to political and social stability as the previous urban reserve army. At the same time there is ample evidence that this danger has not yet arisen. First of all, the experience of Nazi Germany in rapidly attracting some millions of foreign workers, and of the victorious allies in returning those who survived to their homes, gave proof that modern transportation systems, even under the disrupted conditions of wartime, could handle such rapid mass

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movements of workers; this was of course before mass air transportation became possible.

At any rate it is clear that both the bourgeoisies and their government bureaucracies believe that the workers can be re-exported. In the German Federal Republic everyone knows of cases of workers being expelled from the country when they are temporarily without work, or even removed from jobs they are fulfilling satisfactorily when the authorities believe that the job is needed by a German (as reported, for instance, in the magazine *Stern,* March 14, 1974). The employers make their position clear, as in the following statement from Ulrich Freiherr von Ginanth, chairman of the Committee on Foreign Labor of the Employers Association: "The great value of the employment of foreigners lies in the fact that we have here at our disposal a mobile labor potential. It would be dangerous to limit this mobility through a large-scale assimilation policy."[4]

It seems fair to take the Freiherr's term "mobility" as a euphemism for dispensability and re-exportability. All in all, the belief of the German public in the mobility/expendability of the foreign workers is perhaps most pithily summarized in a cartoon which appeared in the popular German magazine *Stern* at the time of the economic crisis induced by the oil embargo in the fall of 1973. It shows a trainload of Turks pulling out of a station and an announcer with a bullhorn asking an interpreter: "How do you say in Turkish, 'Merry Christmas, you are all fired'?"

In the period since the most recent influx of migratory labor began up to the 1970s, there was only one instance of economic crisis which could provide a test of the migrant laborers' mobility/expendability. The decline of the migratory labor force during the brief recession of 1967-1968 seems to offer positive proof that the system can function as it is meant to. The official statistics of the West German government, for instance, show a decline of foreign workers from 1,314,031 in June 1966 to 903,591 in January 1968, a loss of 410,440 workers, or approximately 32 percent of the total migratory labor force. One need not imagine, of course, that this expulsion of 410,000 workers involved the crudities of mass deportations in cattle cars. The effect is easily achieved by allowing the

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normally fairly high rate of return of workers to their homelands to continue, while sharply reducing the rate of new entries. Even the reduction in new entries need not be absolute. In 1967 official recruitment of new workers for the German Federal Republic was reduced to only 17,200, but there was still a total of 151,900 new immigrant workers engaged, largely as a result of unofficial recruitment. Despite this recruitment figure, the normal rate of return allowed a 32 percent reduction in the foreign work force. We must conclude that in its own terms the system of migratory labor works very well indeed.

Another advantage of the system is that the migratory laborers are a singularly docile body of workers, difficult to arouse to militant union activity, easily cowed by the threats of employers. There are various reasons for this docility, some lying in the very nature of the work force. The immigrants are largely from peasant and small-town backgrounds, little experienced in industry and in the kinds of workers' organizations appropriate to large industry. Furthermore they tend to see themselves as temporary migrants, whose only purpose is to earn as much money as possible and return home: any labor organization or militancy may seem to them to be a distraction from their basic purpose, and of little use insofar as they will not be employed long enough to enjoy the long-range benefits of union victories, such as pension and health plans. Then too, the migrants are, after all, foreigners, divided not only from their German fellow workers, but from other migrants, by considerable barriers of language and culture.

Important as these subjective factors undoubtedly are in damping migratory workers' militancy, there is a tendency to exaggerate their influence. We must also look beyond the nature of the migrant workers themselves to find the reasons for their docility. There can be no doubt that the insecurity of their position as "guests" of the industrialized nations makes migratory laborers afraid to organize. If every German in the Federal Republic believes that the migrants can be expelled whenever it suits the Germans' convenience, so too does every migrant. Should the migratory worker momentarily forget this and go out on strike, he may be forcefully reminded of it by his employer: during the metal workers' strike in Baden-Würtem-

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burg in November 1971, employers distributed a pamphlet to striking migratory workers referring to the possibility of expulsion.[5] This was in the teeth of one of the most powerful and well organized unions and in a country with a Social Democratic government! What must take place in smaller factories in less well organized industries can be left to the imagination.

Various provisions of prevailing national labor laws add to the migrants' sense of insecurity, even where the workers have theoretically the same rights as nationals. In the German Federal Republic, for example, paragraph 120 of the labor code gives the migratory laborer the right to social benefits enjoyed by German workers, presumably including long-term sickness and unemployment benefits, but paragraph 10 of the same code provides that the worker may be expelled for lack of self-support. In West Germany it is illegal for foreign workers to form "political" organizations, the definition of the word "political" being left, of course, to the discretion of the German authorities.[5a]

Lastly, one should not discount the insecurity produced in the migratory worker by the harrowing rite of applying for his work visa, a rite he may have to experience every time he wants to change jobs. Hours of standing in dirty, overcrowded, and smoke-filled waiting rooms, until one's name—badly mispronounced—is called over a loud speaker. Then walking through long corridors and rooms filled with file cabinets, perhaps having to answer some probing questions, and finally receiving a stamp, seal, or paper which permits one to work —as a sweeper/third class. The whole experience goes far to impress the worker with the precariousness of his situation.

In addition to being plentiful to the point of inexhaustibility, mobile/expendable, and docile, the migratory labor force offers the capitalist still another great advantage. It is cheap. At the simplest level, that of wages paid out, this may not be so apparent from the statistics. Most of the industrialized nations of Northern and Western Europe have domestic labor organizations which are powerful enough to have forced the employers to pay the migratory worker the same official rate as native workers. But there are many ways to skin a cat, and

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many ways for an employer to get more work out of his workers for the same money.

One way to do this is the speed-up, moving the assembly line a bit faster, or setting the standard number of pieces of work per hour a bit higher. The migratory workers are often too inexperienced in industrial work to recognize a speed-up, or to know how to resist it when they do recognize it. Since they also often work as a group in one assembly section or factory subdivision, in physical as well as cultural and linguistic isolation from German workers who could help them to resist a speed-up, migratory workers are especially subject to this form of exploitation. Agnoli suggests that this may be one of the hidden effects of the use of migratory labor in German industry.[6] There is also some evidence that migratory labor is cheap in the sense that it slows down the tendency toward diminution of wage differentials.

Another technique for holding down costs of migratory labor may be by redefining job categories. If the labor laws or union agreements state, for instance, that all "sweepers" must be paid the same amount, the job category of "assistant sweeper" may be created, compensated at a lower wage, and filled exclusively by immigrant workers, on the grounds that they are less experienced, have fewer years of seniority, and so on. A vigilant union will, of course, prevent this transparent dodge where it can, but few unions have the energy, foresight, and power—or the interest in foreign workers—to fight effectively against it. I have no hard evidence that job reclassification is being practiced against migratory workers at present, but it is by its nature a difficult technique to detect without intensive studies of individual factories. It is inconceivable, however, that a device which has been used for decades and with outstanding success against women, and in the United States against blacks, would fail to be applied to the further exploitation of migratory workers.

A final and exceedingly important way in which migratory labor is cheaper is of less immediate significance to the individual capitalist than to the capitalist class as a whole, and to the economy of the industrialized countries. The capitalist must, in the long run, pay a high enough wage to cover the workers'

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social cost of reproduction, that is, the average amount it costs workers in a given society to maintain themselves, and to produce a future generation of workers. This cost is determined in any given society by a great variety of factors, including social and psychological ones, and does not by any means correspond to the minimum costs of sustaining biological life. Furthermore, the social costs of reproduction do not simply apply to the worker himself but to all the non-wage-earning members of the society whom the average worker must support; this includes all non-wage-earning children, women, and old or retired people, plus all the sick at any given moment, both short-term and chronically. It is obvious, then, that in general the higher the proportion of children, ill persons, and old people to workers in a population, the higher the average social costs per worker. A population with a high proportion of non-workers to workers is said to have a low activity rate, and conversely, one with a high proportion of workers to non-workers has a high activity rate. For a variety of reasons, which we will discuss in some detail here and in much greater detail when we turn to consider the underdeveloped countries, the migratory workers as a group have a significantly higher activity rate in Northwestern Europe than the native workers. This, combined with their generally lower social expectations in regard to a minimum standard of living, means that for migratory laborers the social costs—costs which must ultimately be borne in large part by the capitalists—are lower than those of the native workers. This is perhaps the most important sense in which migratory labor is cheap for the capitalists and for industrialized nations as a whole.

The most obvious reason for the higher activity rate of migratory workers is that they are a fully selected population. Those who migrate are workers in their prime years, and when retirement age comes there is always a strong tendency to return to the homeland. Women may accompany their husbands, but they often do so only so that they too may be able to work; and the children young enough to require full-time attention are left in the home country. As a result, the proportion of working immigrants to dependents resident in the industrial countries is very high. One of the major social costs, that of

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schooling for the migratory workers' children, must be correspondingly low, though no exact figures are available. An extremely small proportion of the children make use of the expensive higher education available in the industrialized countries, and an astonishingly high percentage may not attend school at all—20 to 50 percent in the German Federal Republic, by one estimate. (*Spiegel,* October 19, 1970)

The social costs of illness to the industrialized countries are also considerably lower among the migratory workers. The workers are of course a group self-selected for good health; the chronically ill or debilitated do not generally attempt to migrate, any more than children or the very old. But should self-selection prove insufficient to screen out those who are ill, the medical examinations many migrants must undergo to obtain a visa, superficial as they may be, will eliminate still more; as many as 8 to 9 percent of the applicants are screened out in some instances. In addition to this, there is a general tendency for migratory workers who suffer from long-term illness to return home when possible, for the family care they can receive there, or simply for the psychological support they may find in the feeling of being at home. This further reduces the proportion of sick to active workers in the migratory group, thereby raising the population's activity rate and lowering its social costs. The overall tendency is for the social costs of migratory workers to be borne by the population of the underdeveloped home country, rather than by the population of the rich and industrialized country of immigration.

There is a further effect which this mass of unskilled migratory labor has on the economy of the industrialized country, which is to accelerate the universal tendency of capitalism to divide labor into ever simpler and more mindless separate operations. As Marx described it for the historically earlier stage of manufactures: "Manufacture begets, in every handicraft that it seizes upon,a class of so-called unskilled laborers, a class which handicraft industry strictly excluded. If it develops a one-sided specialty into a perfection, at the expense of the whole of a man's working capacity, it also begins to make a specialty of the absence of all development. Alongside of the hierarchic gradation there steps the simple separation of the laborers into

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skilled and unskilled."[7] Compare this with an authority's description, a hundred years later, of the reaction of industrialists to the immigrant laborers: "They further subdivide many skilled into simple components which can readily be taught to workers who have never before stood at a production line. Thus the *pattern* of demand *changes* towards the skills available or their lack."[8] This economic division tends of course to be reflected in social divisions between the migratory workers and the native working class, a point to which we shall return.

Turning from these largely economic effects of migratory labor, we must briefly consider the social effect on the industrialized countries. This involves some intangible factors, and many others which could perhaps be measured but until now have not been researched. (It is surprising how little scientific work has been done on the impact of immigrant laborers on the total social structure of Northwestern European nations, especially in comparison with the mountains of social studies accumulated on the "problems" of the migratory workers themselves.) It does seem to be generally agreed that one major effect is to split the working class into two highly differentiated segments: the upper segment consists of nationals, who speak the national language and enjoy whatever measure of civil rights and social welfare the society provides. They are often well organized into unions which enjoy a degree of political power, and they work mostly in jobs which require some minimum of skill or training, or which are comparatively clean and involve little physical strain. The immigrant workers, in contrast, form an under-class of the lowest paid and least organized workers, doing the jobs which are dirty, dangerous, and which require physical strength and little or no skill or training. They tend to concentrate in industries such as mining and auto assembly (notoriously mind-numbing work), and in services such as garbage collection. In France, for example, only 6.3 percent of the immigrant workers in 1967 were in non-manual occupations.

This concentration of migratory workers in certain job categories and the resulting segmentation of the working class has already reached ridiculous proportions in the industrialized countries: 100 percent of the cleaning women in the city

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administration of Cologne are Italians;[9] and it is reported that in Switzerland "the proportion of school-leavers classed as educationally retarded is actually larger than the percentage becoming unskilled workers, so that it appears that even retarded Swiss young people are able to get skilled white-collar jobs."[10]

The splitting of the working class brings with it all the usual train of prejudice, chauvinism, and hostility. In West Germany the press organs of the industrialists, such as *Stern, Spiegel, Frankfurter Rundschau*, and *Die Zeit* stand, in general, for the principles of liberal toleration. But already in Switzerland and England right-wing political movements have gained strength by their opposition to foreign workers, and indications from the few studies which have been done are depressing: one study indicated, for instance, that two thirds of foreign workers never spend time with a German family, 19 percent only occasionally, and 18 percent more often.[11] Another study showed that while 80 percent of Turkish workers in West Germany see themselves as "clean," only 4 percent of West German workers find them so![12]

In West Berlin, with its tens of thousands of migratory workers, the yellow press regularly features such headlines as "Foreign Workers Mug Retired Man!" or, "Foreign Workers Drive on German Roads Without Licenses!" There are reports of foreign workers being called derogatory names. And in the subway one morning a Berlin worker spits out the words to his friend, over the head of the young Turkish woman sitting between them:

"*Sie sind Säue, und sie bleiben es auch!*" ("They're just sows, and they'll remain so!")

NOTES

1. Ruth Becker, Gerhard Dörr, and K. H. Tjaden, "Fremdarbeiterbeschäftigung im deutschen Kapitalismus." In *Das Argument 68*, vol. 13, no. 9/10 (December 1971), p. 742 ff.
2. Figures from Edward L. Homze, *Foreign Labor in Nazi Germany* (Princeton: Princeton University Press, 1967).
3. Figures from Stephen Castles and Godula Kosack, *Immigrant Workers and Class Structure in Western Europe* (London: Oxford University Press, 1973), pp. 4-5.

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4. Ernst Klee, ed., *Gastarbeiter: Analysen und Berichte* (Frankfurt am Main: Suhrkamp, 1972), p. 26.
5. *Ibid.*, p. 29.
5a. *Ibid.*
6. Johannes Agnoli, *Die Gastarbeiter und die Reservarmee in Spätkapitalismus,* Materiallen zum Projektbereich "Ausländische Arbeiter," N. 3/1, Katholische Deutsche Studenten Einigung, mimeographed, n.d.
7. Karl Marx, *Capital,* vol. 1, chap. 14, section 3.
8. W. Roger Böhning, *The Migration of Workers in the United Kingdom and the European Community,* for the Institute of Race Relations (London: Oxford University Press, 1972), p. 59.
9. Klee, *op. cit.*, p. 31.
10. Castles and Kosack, *op. cit.*, p. 383.
11. W. Roger Böhning, "The Social and Occupational Apprenticeship of Mediterranean Migrant Workers in West Germany," in Massimo Livi Bacci, ed., *The Demographic and Social Pattern of Emigration from the Southern European Countries* (Florence, 1972), p. 235.
12. H. Kaupen-Haas, "Some Problems of Integration of Foreign Workers in Cologne," OECD Manpower and Social Affairs Directorate, Paris, 1969.

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THE ROAD TO SOCIALISM: CHILE

BY PAUL M. SWEEZY

The following communication appeared in the June 1975 issue of *Social Policy* magazine and is reprinted here by permission. Since Julio Faúndez misunderstood many of the ideas I tried to express on the Chilean situation during the years 1970-1973, I must assume that other readers have done likewise. I therefore welcomed the opportunity to try to set the record straight and am anxious that MR readers should benefit from whatever clarification I may have been able to provide. — P.M.S.

I read with interest "The Chilean Road to Socialism," by Julio Faúndez B., in your issue of November/December 1974. His way of thinking and mine are so different as to make a useful debate between us rather unlikely. But for the benefit of your readers I would like to correct misrepresentations of my views which occur in his comments on *Revolution and Counterrevolution in Chile,* edited by Harry Magdoff and myself.

Faúndez says that "Sweezy . . . suggests concrete policy decisions which would, in his view, have enabled the Left to take full control of the state apparatus, thus successfully completing the first stage in the struggle for socialism." This was not my intention at all. I was suggesting certain courses of action which in my judgment might have put the Left in a stronger position, and given it a chance to win, when the inevitable armed confrontation between Left and Right took place. Again, he speaks of "specific steps which, in [my] view, could have

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made Chile's revolution possible." This should read "could have given Chile's revolution a chance."

Faúndez charges me with being unwilling "to explore the political problems involved in the option of the plebiscite." But this was not the point: of course, there were political problems. The question was whether the Left might (not necessarily would) have gained desperately needed strength by taking the plebiscite option, given the fact that the alternative was to give up any hope of fighting the Right on the legislative front. Faúndez then goes on to say that "it is easy for [Sweezy] to go on to the next step in his revolutionary recipe—arming the workers." Here I can only quote what I actually wrote and let readers judge for themselves whether I am being accurately represented. Successful pursuit of the plebiscite option, I wrote,

> would have left the armed forces as the only branch of government not under UP control and the last obstacle to the capture of real state power. The most appropriate ways of waging this ultimate struggle are not so obvious as those sketched above. But one thing is clear: the UP administration should have entered the struggle immediately, while its prestige was at a peak and the political initiative entirely in its hands. Reactionary officers should have been retired, loyal ones promoted to key command positions; the pay, living conditions, and democratic rights of enlisted men and noncommissioned officers should have been expanded and improved; political education should have been introduced into training programs; and, perhaps most important, all contacts between the Chilean military and the United States should have been unconditionally severed. At the same time, the UP administration should have started organizing, arming, and training a popular militia with the purpose of entrusting to it more and more of the responsibilities hitherto borne by the army and the national police. . . .

It might be objected that even these relatively mild, constitutional, and clearly democratic measures would have provoked an attempted military coup. Of course. The question is whether the Left would have had a better chance of defeating the coup then than later on under conditions chosen and carefully prepared by the Right. And anyone who says that there would have been no chance whatever for the Left to win should examine carefully the Dominican experience of 1965. There a civilian uprising on behalf of the deposed constitution-

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alist regime of Juan Bosch precipitated a split in the armed forces between democratic and reactionary camps. The constitutionalist faction opened the army and police arsenals in Santo Domingo, armed the people, and were on the verge of crushing the reactionaries. Only the dispatch to the island of 40,000 troops and marines by Lyndon Johnson turned the tide. If Faúndez thinks the constitutionalists in Chile were incapable of putting up as good a fight in 1971, he should explain why.

Faúndez says it is easy for me "to assert that Allende should have abandoned his commitment to work within the institutional framework and prepared the workers for an armed confrontation. Seen in this light, Allende's pledge to respect the constitution appears as a mere tactical decision made behind closed doors by old guard politicians." Incredible. Are we to understand that a pledge to respect the constitution involves a commitment *not* to prevent, by all means available, a fascist *putsch?*

At one point, Faúndez says: "If, according to Sweezy, the Chilean experience can only confirm what Lenin taught more than 50 years ago, its study can at best provide material for a doctoral dissertation." I should have thought that discovering whether what Lenin taught more than 50 years ago has been borne out by subsequent historical experience is rather more than a task for doctoral candidates. I prefer Faúndez when he concludes his essay by stating: "An adequate assessment of why the peaceful road failed in Chile may help to bring about its realization elsewhere and may serve as an antidote to despair." Only I would add that such an assessment may also help others to avoid the errors and illusions which doomed the UP government to defeat and the Chilean people to untold suffering.

He who carries out a revolution halfway is only digging his own grave.

—Saint-Just, 1794

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RECENT DEVELOPMENTS IN MARXIST THEORIES OF THE CAPITALIST STATE PART 2

BY DAVID A. GOLD,
CLARENCE Y. H. LO,
AND ERIK OLIN WRIGHT

Part 1 of this article, in the October issue of MR, presented and commented on three major Marxist theories of the state: the instrumentalist, the structuralist, and the Hegelian-Marxist.—THE EDITORS

NEW DEPARTURES

It has become apparent to many Marxists that the instrumentalist perspective is simply inadequate as a guide to understanding the state in advanced capitalist society. While many policies are the outcome of control by specific capitalists, and some government agencies appear to be the tools of specific capitalist interests, it is impossible to see how the complex apparatus of the state can be understood adequately in a model which sees policy outcomes primarily in terms of class-conscious manipulations by the ruling class. But the structuralist alternative is also inadequate. For, while it does situate the formation of policy in the context of the functioning of the capitalist system as a whole, it generally does not explain the social mechanisms which actually generate a class policy that is compatible with the needs of the system. Finally, the Hegelian-Marxist perspective is inadequate because it is so highly abstract

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that it is difficult to use in the analysis of a particular historical situation. In addition, the centrality it places on ideology and consciousness often tends to undermine the materialist basis of Marxist theory.

Many of the new departures in the theory of the state have tried to overcome these weaknesses. Three examples seem especially interesting: Claus Offe seeks to transcend the instrumentalist and structuralist limitations through a more precise specification of what is particularly capitalist about the capitalist state; James O'Connor develops a theory of state finance that is rooted in the process of accumulation of monopoly capitalism; and Alan Wolfe attempts to impart more concreteness to the abstractions of the Hegelian side of Marxism.

The Internal Structure of the Capitalist State

Claus Offe, a student of Jürgen Habermas, has been influenced by the Hegelian-Marxist tradition but has since ventured into new areas. His major theoretical work on the state (1972c, 1973b) begins with the question: How can we prove the class character of the capitalist state? How can we demonstrate that it is a *capitalist state* and not merely a *state in capitalist society*? From the start, he rejects both the instrumentalist and structuralist approaches to this problem. Both of these, Offe argues, only examine the *external* determination of state activity: the instrumentalists explain the state in terms of the external manipulation of the state apparatus by the ruling class; the structuralists explain the state by the external constraints which limit the scope of possible state activities. But in neither case do they provide a theory of the mechanisms within the state which guarantee its class character. This is the theoretical problem which Offe attempts to solve.[1]*

The key concept Offe introduces to understand the internal structure of the state is "selective mechanisms." These constitute a wide range of institutional mechanisms within the state apparatus which (under ideal conditions) serve three crucial functions: (1) *negative selection*: the selective mechanisms

* Numbered notes and a bibliography will be found at the end of the article.

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systematically exclude anti-capitalist interests from state activity; (2) *positive selection*: from the range of remaining alternatives, the policy which is in the interests of capital as a whole is selected over policies serving the parochial interests of specific capitalist groups; (3) *disguising selection*: the institutions of the state must somehow maintain the appearance of class-neutrality while at the same time effectively excluding anti-capitalist alternatives. Most of Offe's analysis consists of an abstract discussion of the contradictory character of these selective mechanisms and the methodological problems involved in studying them.

In his discussion of negative selection, Offe specifies four general levels of mechanisms which operate as a hierarchical filter system: structure, ideology, process, and repression. Each level excludes possibilities which have not yet been screened out by the previous levels. *Structural* selective mechanisms refer to the broad limits of possible state actions defined by the overall structure of political institutions. In particular, Offe emphasizes the importance of constitutional guarantees of private property which exclude a wide range of anti-capitalist policies from entering the agenda of state activity. Of the many issues not excluded by the structure of political institutions, *ideological* mechanisms determine which are actually articulated and perceived as problems to be solved. Some potential policy options become "non-events" because they are not in the realm of acceptable discourse. *Decision-making* rules provide

> certain interests with a headstart . . . by granting them chronological priority [and] relatively more favorable coalition chances or the opportunity to employ specific power resources. Every procedural rule creates conditions of being favored, or conversely being excluded, for certain topics, groups, or interests. (Offe, 1973a: p. 11)

Finally, the *repressive* apparatus of the state excludes given alternatives through direct coercion.

While it is easy to specify abstractly such negative selective mechanisms, it is extremely difficult to study their class character empirically. To understand the intrinsic class nature of the selective mechanisms it is necessary to study the *excluded* possibilities. But excluded options are, by necessity, intrinsically dif-

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ficult to define and observe. The problem is compounded by the disguising selective mechanisms, which mystify the entire process of class determination of state activity. Offe concludes that when the selective mechanisms of the state are functioning effectively, it is virtually impossible to demonstrate empirically the class nature of the state. (This does not mean, of course, that the class interests served by particular policies cannot be studied in the tradition of instrumentalist and structuralist research. But again, merely showing that state policies serve capitalist interests does not prove that the state is a *capitalist state,* a state which *necessarily* serves capitalist interests.)

Offe's solution to this methodological dilemma is to shift the focus of analysis from the normal functioning of the state to the state in crisis situations. In periods of political crisis the selective mechanisms begin to break down and the state is forced to rely more and more on repression in order to maintain its class character, thus revealing the class nature of the excluded options. The analysis of the class nature of the state thus depends upon revolutionary practice, potentially generating a "crisis of crisis management" which exposes the inner nature of the state itself.

Offe's analysis of *positive* selective mechanisms (the mechanisms which generate a positive capitalist class policy rather than merely excluding anti-capitalist possibilities) raises a variety of additional issues. Offe argues that contradictions internal to the state interfere with the state's development of an effective policy in the interest of capital as a whole. The state engages in two types of positive activities which Offe (1974) calls "allocative policies" and "productive policies." In both of these the state plays an important role in providing the necessary conditions for continued capital accumulation. In the former the state merely coordinates and regulates the allocation of resources that have already been produced; in the latter the state becomes directly involved in the production of goods and services required for the accumulation process.*

* There is no suggestion in this analysis that there was ever a period in which the capitalist state engaged only in allocative policies. From the very earliest periods of capitalism, the direct involvement of the state in the accumulation process has been important. The point is

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In the case of purely allocative policies, the state does not need to adopt a truly optimal policy from the point of view of capital as a whole. Most allocative policies have, therefore, been formulated by capitalist interest-groups which influence the state through the mechanisms described by the instrumentalist writers. As monopoly capitalism develops, however, the contradictions in the accumulation process push the state into direct involvement in production. As the state directly produces more and more of the conditions of accumulation, it becomes increasingly important that the state's policies be rational from the point of view of capital as a whole. Such policies cannot, therefore, be left to the give-and-take of competing capitalist interests, but must be planned to serve the collective capitalist interest.

Offe argues that the capitalist state is fundamentally incapable of such planning. Whereas the criterion for capitalist rationality is unambiguous for the individual capitalist—profit maximization through the production and sale of commodities—there can be no equally unambiguous criteria for the capitalist state. Since the state does not produce for the market, its activities cannot be governed by the logic of commodity production. The rationality of state production must therefore be defined in terms of production for use rather than production for exchange.

The crucial political question is, therefore, what kinds of use-value criteria determine state production. Offe shows that many of the structures which are important in negative selection (such as rigid bureaucratic procedures and constitutional and ideological defenses of private property) are obstacles to the development of selective mechanisms which can guarantee that state production will serve the general interests of capital. The state's attempts to overcome these obstacles weaken the negative selective mechanisms and increase the possibilities of anti-capitalist political forces affecting state policies. There is thus an intensifying contradiction between the state's changing role in the accumulation process, which requires rational state

that this involvement has been growing both quantitatively and qualitatively, and that this growth poses serious problems for the "rationality" of state activities from the point of view of capital.

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involvement in production, and the internal structures of the state which determine its class nature as a capitalist state.

The Theory of the Fiscal Crisis

James O'Connor (1973) develops a theory of the state budget that is rooted in the reality of contemporary American society.[2] He tries to explain the fiscal crisis, the observed tendency of state expenditures to grow faster than revenues. O'Connor's theory has three constituent elements. First, there is the recognition that the capitalist state must attempt to perform two contradictory functions—accumulation and legitimation. The state attempts to support the accumulation of private capital while trying to maintain social peace and harmony. Since accumulation is crucial to the reproduction of the class structure, legitimation necessarily involves attempts to mystify the process and to repress or manage discontent. Both accumulation and legitimation are translated into demands for state activity. But while this implies an increase in state expenditures, the revenues for meeting these needs are not always forthcoming, since the fruits of accumulation (greater profits) are not socialized. This is the fiscal crisis.

Second, the state is analyzed as an integral element in the accumulation process. O'Connor divides the economy into three sectors. The growth of the monopoly sector is based on the expansion of capital and technology. It is the prime accumulating sector of the economy. The competitive sector grows on the basis of the expansion of labor power which has been "freed" by accumulation and growth in the monopoly sector. Thus, unlike in other Marxist analyses, the competitive sector does not necessarily decline with accumulation but expands because of the growth process in the monopoly sector. However, with less technical change, smaller growth in capital, and unstable markets, the labor force in the competitive sector is a marginal one, increasingly segmented from the monopoly sector.

The state sector includes production organized by the state itself, such as education, and production contracted out to private capitalists, such as military equipment. Neither type of production is subject to market discipline. One result is low productivity and inflationary tendencies within the state budget.

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All three of these sectors of the economy are part of a single contradictory process: the growth of the monopoly sector leads directly and indirectly to the growth of the state and the competitive sector; the expansion of the state in turn becomes a source of further growth of the monopoly sector as more and more of the costs of accumulation are socialized; the growth of the competitive sector increases the social expenses of the state and thus hampers its ability to further underwrite monopoly sector growth. In the end it becomes impossible to understand the dynamics of any one sector without developing a theory which encompasses all three.

The third element of O'Connor's schema concerns the relationship of specific items of state expenditure to the accumulation and legitimation functions of the state. "Social capital" expenditures are those that aid accumulation by private capitalists: social insurance which helps reduce the reproduction costs of labor power, and state-financed industrial development projects which increase the productivity of a given amount of labor power are two examples. These expenditures do not directly produce surplus value but they do aid private capitalists in their attempts to increase the total amount of surplus value and are thus *indirectly productive*. "Social expenses" are those expenditures such as police and welfare that are necessitated by the attempt to maintain social harmony. While such expenditures may potentially reduce certain kinds of losses to capitalists (as in riots) they do not contribute, even indirectly, to the expansion of the pool of surplus value. Despite some empirical difficulties in locating expenditures neatly in one category or the other, the schema is a powerful one for delineating the underlying social tensions and contradictions that find their "solution" in the state budget. The fiscal crisis, at its root, is a social crisis.

One of the main results of this analysis is that the state loses much of its superstructural character. The state is increasingly involved in accumulation, not just to protect the conditions of accumulation as earlier Marxist thinking emphasized, but to participate actively in the creation of those conditions. Although the state is not rigidly determined or circumscribed by accumulation, there is a strong dialectical link.

In addition, the state and the entire political system are seen

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as continually weighing alternative political strategies. For example, the welfare-warfare state, which is explained as a result of contradictions created by the accumulation process, is not the only possible course for the state to follow. It is the result of a combination of strategy, structure, and political conflict. O'Connor specifically raises the possibility of an alternative course, a social-industrial complex, which would attempt to solve the same contradictions but would be based on a different political coalition and would have different long-term consequences.

Another important implication of O'Connor's work centers on the analysis of the discontent that arises from state activity. Taxpayers' revolts are indicative of the lack of total success in the state's attempts to mystify its role in accumulation. Workers whose labor power is superfluous also rebel. They are superfluous because, as a consequence of the accumulation process in the monopoly sector, private capital cannot find a way of gaining surplus value from the employment of their labor power. But as the state is increasingly called upon to manage or repress their discontent, the state itself becomes the target. In both cases, there is increasing conflict in the realm of the political at precisely the moment when the state is being called upon to do more in the realm of the economic.

Alienated Politics and the Legitimacy Crisis of the State

Alan Wolfe (1974) introduces the term "alienated politics" in an attempt to lay the groundwork for a Marxist theory of politics. Wolfe is explicitly attempting to extend the Hegelian-Marxist tradition while drawing on elements of structuralism. He argues that the basic concepts Marx used in his economics can serve as metaphors in developing such a theory. Just as alienated labor is a distortion of people's need to engage in productive activity, alienated politics is a distortion of community. The capitalist state is part of the theory of politics in that the state is the "political institution which claims primary responsibility for reproducing alienated politics, that is, for maintaining a political system based upon the extraction and imposition of power from people." (Wolfe, 1974: p. 149)

The value theory framework represents an alternative metaphor, not logically different from alienation but an extension.

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The metaphor here is that as people engage in creating a community they expend a power. Just as labor power is reimposed upon people as capital, via surplus value, the state is understood as the reimposition of a "surplus" political power whose original source lies in people's social activity.

In capitalism, politics is an activity that is separate from people's daily lives. It takes the form of struggles for control over the state, which is fetishized, worshipped for its own sake. Real politics, the creation of community, becomes an unrealizable private search. Also, since the state does one thing while appearing to do another, "politics" takes on an opaque quality, which, like the commodity form, must be pierced to understand the underlying reality.[3]

As the basis of a theory, such metaphors lead toward the study of the state in terms of the way it extracts power from people and imposes it back upon them in its attempts to reproduce the capitalist order. Extraction involves mechanisms by which people are divided from each other (such as, for example, the use of ideology or the manipulation of scarcity) while imposition involves mechanisms by which this appropriated power is used on people (such as repression).

In a forthcoming book, Wolfe uses the theory of alienated politics to analyze how democratic principles have been distorted to produce an ideology that legitimates the capitalist state. This ideology has always contained two antagonistic elements: "liberalism," the political ideology that underwrites the state's role in supporting capital accumulation, and "democracy," the principle of participation and equality that legitimates the state. The contradictions of liberal-democracy have, in the course of capitalist development, produced a series of types of capitalist states, each of which has attempted to reconcile this ideological tension with the objective conditions of accumulation. But because of the continual transformation of the conditions of accumulation and the continual class struggle over democracy itself, none of these forms of the state has been capable of permanently solving the problem of legitimating the capitalist state; every historically attempted solution has only led to new forms of legitimation crisis.

Though the capitalist state distorts struggles for democracy

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into an ideology of liberal democracy which, if still in a precarious way, is compatible with the state's role in reproducing capitalism, it is a mistake to view the state as a simple product of capitalist interests alone. The particular shape of the capitalist state has been the result of class struggle, and struggle can continue to affect that shape. Thus, Wolfe argues, the state should be seen as an appropriate arena for class struggle. As Wolfe reminds us, the ultimate purpose of constructing a Marxist theory of the capitalist state is not just to study the state, but to transform it.

CONCLUDING REMARKS

Many of the recent developments in Marxist theories of the capitalist state can be interpreted as attempts to restore the dialectic to the analysis of the state, thereby applying the methodology that Marx himself used so successfully. This enterprise has taken place at different levels of abstraction and has focused on different problems in state theory. Alan Wolfe's theory of alienated politics represents an attempt to develop a language for discussing politics which captures the dialectic between the material-social activities by which people create communities and the alienated forms of that activity embodied in the state. Claus Offe's work on the internal selective mechanisms of the state elaborates the dialectical relationship between the policies of the state and capitalist class interests as they emerge from the accumulation process. The internal structures of the state are analyzed as contradictory mechanisms which mediate this relationship. Contradiction is brought into the heart of the state itself and is seen as being an essential part of the process of policy formation in capitalist society.

James O'Connor's work is similarly focused on restoring the dialectic between the accumulation process and state activity. Whereas Offe approaches this problem through a theoretical elaboration of the internal mechanisms of the state, O'Connor has attempted to examine more fully the direct and indirect role the state plays in the accumulation process itself. The state's activity is no longer seen simply as an external response to dynamics rooted in the accumulation process, but as an intrinsic element in that process.

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These various attempts at strengthening the dialectical quality of a Marxist theory of the state have gone a long way toward undermining the rigid architectural image of the state as part of a superstructure erected on the economic base of society. While none of the works here discussed represents a fully elaborated theory of the state, they do provide the groundwork on which such a theory can be built. A number of general propositions can be made which define the contours within which such a general theory of the capitalist state might be developed. We offer these only as a preliminary formulation reflecting the current stage of our own thinking rather than as actual elements of a complete synthesis of the ideas discussed in this paper.

(1) The capitalist state must be conceived both as a structure constrained by the logic of the society within which it functions and as an organization manipulated behind the scenes by the ruling class and its representatives. *The extent to which actual state policies can be explained through structural or instrumental processes is historically contingent.* There are periods in which the state can be reasonably understood as a self-reproducing structure which functions largely independently of any external manipulation, and other times when it is best viewed as a simple tool in the hands of the ruling class. Certain parts of the state apparatus may be highly manipulated by specific capitalist interests while other parts may have much more structural autonomy. But in no situation can state activity be completely reduced to either structural or instrumental causation. The state is always *relatively* autonomous: it is neither completely autonomous (i.e., free from active control by the capitalist class) nor simply manipulated by members of the ruling class (i.e., free from any structural constraints). As Marx put it so eloquently in his analysis of the French state in the mid-nineteenth century: "Men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted from the past."

(2) *The internal structures of the state, as well as the concrete state policies shaped within those structures, are the objects of class struggle.* A theory of the state must not regard

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the structures of the state as historical givens but must attempt to explain the development of the structures themselves. Otherwise, the analysis takes on a static quality. Offe's work to a certain extent exemplifies this problem. While he does describe the ways in which the selective structures of the nineteenth-century capitalist state differ from those of the contemporary state, and he discusses in rich detail the contradictory quality of the dominant structures of the present period, he offers no theory of the actual transformation of state structures. His theoretical work thus lacks the systematic inclusion of history.

O'Connor's work moves at least partially in the direction of a more historical theory. While he never formulates an explicit theory of the transformation of state structures, there is implicit in his work the view that not only are state policies as such the objects of class struggle, political coalition formation, etc., but so are the structures of the state themselves. Gösta Anderson and Roger Friedland (1975) have made this notion explicit and carried the analysis considerably further. They argue that a theory of the state must contain a theory of what they call political class struggle, a theory of the ways in which class struggle itself transforms the internal organization of the state. In such a theory the state is seen not merely as helping to reproduce the capitalist system in contradictory ways, but as being itself shaped by the class struggle which results from those contradictions.

We believe that this extension of the analysis of Offe and O'Connor is an important direction for further work on the theory of the capitalist state. For the moment, however, it remains a somewhat ad hoc argument. As in much of Marxist theory, explanations based on "history" or "class consciousness" or "class struggle" often have a residual quality to them. To say that the structures of the state are the objects of class struggle and that class struggle explains the specific evolution of structures is only a starting point. It is further necessary to develop a proper theory of such political class struggle itself.

(3) The notion of the "relative autonomy of the state" needs further theoretical development. Structuralist writers have conceptualized this notion by treating the state as relatively autonomous with respect to direct, instrumental manipulations

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by the capitalist class. Offe's analysis of the contradiction between the state's role in the accumulation process and the selective mechanisms which determine its class character suggests that the state may also become relatively autonomous from the logic of accumulation itself. The word "relative" is crucial; there is no implication that the capitalist state can ever be emancipated from the constraints of a capitalist social formation. But there is the implication that as the state becomes more and more implicated in the productive sphere itself, as larger realms of social activity become *de*commodified (in the sense that production becomes organized around politically determined use-values rather than exchange-values), the state can develop a much greater degree of autonomy than is understood by the conventional Marxist notion of "relative autonomy." This further suggests that it may make sense to talk of the state as such having an emergent "interest," rather than simply seeing the state as in some sense reflecting the interests of the bourgeoisie. The analysis of an interest of the state is undeveloped within the Marxist perspective. But it is a line of thought which we feel is worth pursuing.*

(4) With the development of capitalism from the early phases of monopoly capitalism into advanced monopoly capitalism the reproduction of favorable conditions for accumulation depends more and more upon the active intervention of the state. There is no guarantee that the state will in fact discover the correct forms of such intervention, nor even that it will avoid making catastrophic mistakes. The only certainty is that the re-

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* Two examples of works stressing the interest of the state *per se* are *Roots of War* by Richard Barnet and *The Logic of World Power* by Franz Schurmann. Responding to the economic dislocations caused by the Vietnam war, these writers have argued that American imperialism is more in the interest of the state than in the interests of capitalism. Barnet's view is that although the state is constrained by economic structures, specific decisions are largely controlled in an instrumental fashion by political and bureaucratic elites. Schurmann places less emphasis on economic factors and claims that American imperialism is the result of executive power backed by popular ideology. Schurmann does present excellent evidence that bureaucratic factions have greatly influenced U.S. policy in Indochina. For a Marxist analysis of U.S. foreign policy that recognizes that bureaucracies and political parties mediate between conflicting policy options, see Lo (1975).

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quirements for such an expanded role of the state will increase, particularly in the direction of increasingly direct involvement in the accumulation process.

It is especially important that future theoretical and empirical work on the capitalist state should attempt to understand the relationship of the internationalization of capital to the dynamics of state involvement in accumulation. Work on the theory of the capitalist state is now developing the tools for analyzing the relationship of the state to accumulation within a national context; it is only beginning to explore the implications of the continuation of the nationally based state in the face of an accumulation process which is increasingly supranational. (See Martinelli and Somaini, 1973.)

(5) The increasing pressure on the state to become involved in the accumulation process has a number of contradictory consequences which in turn will shape the further development of state structures and state policies:

(a) The institutionalized mechanisms that evolved in earlier periods of capitalist development become less and less effective as mechanisms for policy formation under the newer requirements for accumulation. In Offe's terms, the selective mechanisms appropriate for "allocative" policies are not functional for "productive" policies. This points to the likelihood that there will be a period of greater instrumental manipulation of the state by ruling-class groups in attempts to restructure the state in ways more compatible with the new requirements for accumulation. An increasingly instrumental relationship of the ruling class (or fractions of the ruling class) to the state is a critical mechanism for the development of new state structures which, if successful, make further direct manipulation less necessary.

(b) Simultaneously, however, the increasing involvement of the state directly in the accumulation process has the effect of politicizing the accumulation process itself in the sense that more and more decisions about accumulation are at least partially made in public agencies rather than in private corporate offices. Explicit or implicit political criteria increasingly enter into the organization of production and the allocation of resources in the accumulation process, replacing more purely

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market criteria. The result is that class struggle in turn tends to become more politicized. It becomes increasingly difficult to contain working-class demands at the level of firms and industries; demands tend to become increasingly directed toward the state and toward state structures.

Ruling-class groups organized to restructure the state apparatus thus have to respond to quite contradictory forces: on the one hand there is the necessity of creating structures more capable of directly planning and managing the accumulation process; on the other hand, there is the necessity of containing or reversing the growing politicization of class struggle which has resulted from the increasing role of the state in the economy.

While we are still in the middle of this transitional period of state restructuring, some of the elements of the "solution" are becoming apparent. In particular, the combination of executive centralization and the growth of technocratic legitimations for state policies can be interpreted as at least partial attempts to handle these contradictions. It is perhaps characteristic of the dialectical quality of the development of Marxist theory itself that the new directions in the theory of the state are emerging at precisely the time when the capitalist state is undergoing such qualitative change.

NOTES

1. See also, Sardei-Bierman, *et al.* (1973) for a critique of Offe's work.
2. O'Connor (1973); see also: San Francisco *Kapitalistate* Group (1974).
3. For an empirical study of the political meaning of sports ideology, which also discusses alienated forms of political activity, see Balbus (1975).

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CORRESPONDENCE

IN PRAISE OF SOCIALISM: AN EXCHANGE

Samir Amin's article "In Praise of Socialism" (MR, September 1974) was useful for its discussion of use and exchange value, and the vision of a "disalienated society," but it has severe limitations. Amin notes that "capitalism has no culture. It is the moment of the negation of culture." (p. 9) While this is true, it is of equal importance to note that there is a culture of resistance and rebellion within capitalist society. And this culture of resistance is not simply or only, as Amin suggests, a "vestige" from a pre-capitalist culture. His whole notion of "vestiges" seems distorted to me, in a word, "reactionary." He asks "Why . . . is it that we are so fond of what we increasingly think of as 'vestiges'? China, Egypt, Asia, and Africa are full of these 'vestiges.'" Now, I am not fond of the "vestiges" in China. As a socialist I feel that the Cultural Revolution, and now the current movement which Barbara Ehrenreich describes in her article "Democracy in China" in the same issue were aimed to end "vestiges" like Confucianism. It seems to me that Amin romanticizes and idealizes what he calls "ancient cultures." He celebrates the "oriental bazaar" and the way that people "entertain in the 'privacy' of their homes in an 'underdeveloped' country (their well-known hospitality is a reflection of this"). (p. 13) This smacks of "exoticism" and "elitism." And is it really the "hospitality" of peoples in underdeveloped countries that makes them admirable? I think not. "Hospitality" in and of itself is not progressive or revolutionary. Wealthy American tourists

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who return from Latin America talk about how "hospitable" the people are, and Pan Am Airlines uses this image of the "hospitable" Latin Americans in its advertisements.

Amin tells us that in precapitalist societies durability is of great significance. He writes, "the durability of a monument makes it possible for successive generations to steep themselves in its meaning, its many-faceted and ever surprising richness." (p. 6) I think that he exaggerates and distorts the significance of "durability." He has an idealist perspective on "durability," as he does on "hospitality." It all depends on "durability" and "hospitality" for whom. The pyramids in Egypt have durability. But what did the slaves who built them think? Were they impressed most of all with the durability of the pyramids? The Bastille too was a durable building. But did the durability of this prison, to use Amin's words, "make it possible for successive generations to steep themselves in its meaning, its many-faceted and ever surprising richness"? Why can't Amin see the durable Bastille through the eyes of a prisoner inside? And why is it that his notion of durability can't explain why the people of Paris destroyed the Bastille?

Then there is also the issue of Amin's view of women. He says, "As a supreme alienation, a certain revolt on the part of women demands that society treat them like men, that they be allowed to trade the debased status of victims of oppression for the debased status of oppressors." He also notes that "vestiges of use value" are "principally feminine," and that "gentleness" is basically a "feminine virtue." (p. 10) Gentleness isn't innately feminine, and vestiges of use value are not principally feminine; they can't be labelled sexually. Amin idealizes and romanticizes women. He has an ahistorical perspective on "gentleness." His description of the revolt of women is limited. He rightly criticizes the bourgeois feminist movement, but what about the anti-imperialist and socialist women's movement? Amin praises Rosa Luxemburg. What of her daughters, those women of today who do not want to exchange the role of oppressed for the role of oppressors, but want to end the roles of both oppressor and oppressed? Amin could learn from Barbara Ehrenreich's article "Democracy in China." When Chinese women told Americans that women did more child care than men because women were more "patient" than men, the Americans suggested that that was a Confucian idea to be combatted. After discussion the Chinese women said, "We think our men could *learn* patience." There is no place in Amin's scheme of things which can explain this event, this exchange of

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information between Chinese and American women in which they learn from each other. Amin has a stereotyped image of women.

There is also a very distorted view of the United States in this article. The author does away with Australia completely. When he talks about the United States he has special disdain for Los Angeles and California. I don't think that he has ever seen the murals in San Francisco, or Watts Towers, an incredible artistic feat, in LA. I don't think he has ever heard of the Cultural Workers Front of America, a socialist organization of artists, writers, printers based in Los Angeles and spreading throughout the state of California. He asks, "Why is the American language an impoverished form of English, if not because the 'purer' capitalism of North America needs fewer nuances of thought and feeling?" This is nonsense. Has Amin ever listened to American folk songs, American slang? The American language of Melville, Twain, Whitman, Dreiser is *not* "an impoverished form of English." A statement like this shows sheer ignorance about American language and literature. Amin ought to read Malcolm X, Langston Hughes, Thomas Pynchon. There is also here a wrong notion of the relationship between the economic nexus, in this case the capitalism of North America, and the cultural nexus, in this case the American language. I am not qualified to judge whether North American capitalism is "purer" than English capitalism, as Amin asserts, but it seems to me that he takes an undialectical, mechanical view of the relationship between American capitalism and the American language. Now, American society is oppressive, as Amin states, but the language of the American people is rich and complex, and can express many nuances of thought and feeling.

Amin goes on to ask: "Why are the 'vestiges' of culture in North America to be found in the appalling pro-slavery South?" The number of myths, distortions, and inaccuracies here are many. The "vestiges" of culture in North America *do not* exist only in the South. What South is he talking about? The South of white aristocrats and their culture? It would seem from this sentence that Amin doesn't know there was a Civil War fought in this country over one hundred years ago, and that slavery was abolished. What does he mean by the "pro-slavery South"? Is he talking about the South in the 1840s and 1850s? Amin seems to hold the notion that culture is possible in this country only under slavery, because slavery is precapitalist and because capitalism destroys culture. For a man to call himself a socialist and to say

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that the vestiges of culture in North America exist in the pro-slavery South is *appalling.*

Amin does not account for the resistance to the destruction of culture within the heart of the United States. He says that resistance takes place on the periphery. If by periphery he means the colonial world in Asia, Africa, and Latin America, then he is correct. But resistance also takes place at home. It takes place at Attica, where the power and might of imperialist America are concentrated.

I have fundamental questions about Amin's socialism. It seems to me that he has many ideas and values in common with the bourgeois critics of bourgeois society. He has an Orwellian view of people and society. He romanticizes the power of the "technocrats" and their "machine," (p. 12) and he emphasizes the "debasement and sickness" of men and women in this society. T. S. Eliot did this in *The Waste Land* fifty years ago. I expected a lot more from a socialist.

Jonah Raskin

Jonah Raskin is the author of *Mythology of Imperialism* and *Out of the Whale: Growing Up in the American Left.*

Response to Jonah Raskin

A too quick reading of my article, which was without doubt too brief and insufficiently explicit, can lead to ambiguities in its interpretation. That is what has happened to my critic Jonah Raskin.

For example, the reference he makes to my "romantic" view of women has nothing to do with what I wrote. I never wrote that "gentleness is innately feminine"; in footnote 9, I made it clear that the "*so-called* feminine virtues" were being referred to (to persuade himself that behind this footnote there is an attempt to analyze the problem in terms that I think are Marxist, Raskin could look at Amin, Eynard, and Stuckey, *Féminisme et lutte des classes* [Feminism and Class Struggle], Paris: Minuit, 1974).

In a very general manner, Raskin's remarks are isolated from their real content and therefore attribute to me ideas which are not those which I develop. Nevertheless, I feel that it would be better to avoid polemics on this level and to go further, because

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I feel that there is in fact a fundamental difference in method which separates us and which I would like to clarify here.

Raskin seems to accept my definition of culture (as the mode of organization of the appropriation of use values) and to accept the logical conclusion that capitalism has *no* culture, that it destroys culture. He then gets into a series of contradictions with himself because he dares not develop this conclusion, which puts into question his conception of history, which I believe is linear, not dialectical.

The European philosophy of the Enlightenment, the fundamental ideological expression of the bourgeoisie, is the source of this linear conception according to which *progress* proceeds simultaneously in all realms, imposing itself implacably by the force of Reason (of God). Therefore capitalism is seen as being an advance over precapitalist systems in all realms. As is well known, there exists a version of this philosophy which has a Marxist appearance, according to which the development of the forces of production entails a simultaneous progress in all other realms. It is this underlying linear view that keeps Raskin from grasping the dialectic of the movement by which the decisive progress of the forces of production generated by capitalism is at the same time regression in other realms. This regression occurs because the progress of the forces of production reduces labor to abstract labor, reduces workers to the commodity labor power, and strips use values of their meaning in reducing them to exchange values. If this is so, then we must abandon the metaphysical Manichean opposition of Evil and Good—the bourgeoisie being the supporters of Evil; the proletariat, *untouched* (alternatively: unchanged), the supporters of Good—and the *unilateral* judgments which accompany it. This is very important, because the populist version of Marxism, which is what underlies Raskin's remarks, refuses to deal with the meaning of the destruction wreaked by capitalism.

A first comment: Raskin launches, for this reason, a polemic about precapitalist cultures which is out of place. It is well known that precapitalist cultures are cultures of class societies. I even took the precaution of recalling that the humanity of one class has as its price the reduction to inhumanity of the others. It is therefore needless to recall that the pyramids, the cathedrals, and even the Bastille were constructed with the blood of workers, slaves, and others. But is it only bourgeois esthetics which could understand the meaning of the contribution of these cultures? Marx himself did not scorn them, unlike the populists. A striking

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example: my critic does not understand that a bazaar, or any city, is a rich usage of space as a use value, simultaneously collective and individual, and that it gives material support to the human qualities which capitalism tends to destroy: hospitality, generosity, etc., qualities which become *revolutionary forces* when they resist their destruction by capitalism. Similarly, he does not understand the sense of durability, be it of monuments for the use of an oppressor class (or for the oppression of others), etc. In short, the entire problematic of use value escapes him. The polemic which he carries on about the "tourist attraction" nature of these vestiges of use value is irrelevant.

A second comment: My critic can therefore not understand the nature of the magnitude of the *social* destructions caused by the development of capitalism, especially in the United States which is the country where this development is most advanced. If he reads the crucial work which Braverman has just written (*Labor and Monopoly Capital*), he will understand that it is in the United States where stripping labor of its skills is most massive (70 percent of the workers are totally unskilled) and that the parallel development of education does not "offset" this inevitable consequence of the law of accumulation. Marx, a hundred years ago, foresaw that the accumulation of material riches would also be the accumulation of misery and degradation. How can such a destruction of skills not profoundly affect the American proletariat (and not solely the bourgeoisie or the petty bourgeoisie)?

Raskin's remarks, which are accurate, on the language of Twain or Langston Hughes have nothing to do with the subject. The American language is that which the Americans *use*. I still say that this language is becoming impoverished day by day, in the same proportion as capital is accumulated, as labor is degraded, as laborers are *stupefied*. I was personally struck by the extreme poverty of expression on the part of the students in the great universities of the United States compared to students from *less advanced* countries; this poverty is an expression of this social deterioration. The populist reduction of Marxism wishes that it were not so. My opinion, on the other hand, is that the deterioration of class consciousness in the United States is not situated solely at the level of "politics" (the effects of imperialist strength, the corruption of leaders, the intensity of propaganda, etc.), but that it is situated at a more profound social level.

The same comment applies to his remarks about Los Angeles. He does not understand what a *city* is, that a couple of scattered

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artistic "masterpieces" do not make up for the progressive disappearance of the organization of space as a use value. For me, it is, on the contrary, characteristic that "old" San Francisco (without speaking explicitly of its location, which has nothing to do with this subject) is a city, while the more recent products of capitalism —the suburbs, poor or rich, or the suburban agglomeration of Los Angeles—constitute an anti-city.

A third comment: Raskin's assertion that the exploited class possesses a "culture of resistance," contrary to the concept that the ideology of the dominant class is the dominant ideology of society, and that the proletariat is nothing if it is not revolutionary, is a populist view. To this I oppose an analysis of resistance which, with its double aspect as simultaneously reactionary (the resistance maintains the "vestiges") and revolutionary (the resistance projects into consciousness the socialist future), seems to me to be dialectical. Raskin attributes to me a unilateral vision (resistance= vestiges) which I did not express. Therefore the digressions about the reactionary content of Confucianism, etc., are off the subject. Raskin has not understood the meaning of my statements about "vestiges" because he invariably has a unilateral view of things.

For example, the abolition of slavery a hundred years ago in the United States did not uproot the pro-slavery spirit of the South (which even contaminated the North subsequently, not the reverse). But, despite this infamy, I hold that the slave South (its black slaves and their descendants, always specifically oppressed by this fact, but *also* its aristocrats of yesteryear) was an essential source for American culture, next to which the contributions of the era when "science as ideology" triumphed appear to me pretty meager. What occurred was degradation, not linear progress.

I expect to develop an hypothesis concerning American history in a projected work which will seem even "harsher" than that which Raskin commented on in my paper. "Harsh" but not "unjust." I put these two adjectives in quotes because I do not think that the issue should be placed on emotional or moral grounds. I mean by that that Raskin does not accept the idea that the American people are the greatest *victims* of capitalism, which is not a pleasant thought. The populists reduce this fact to economic exploitation by capital. In general they even claim that the rate of surplus value extorted at the center of the system —particularly in the United States—rises with the accumulation of capital. This claim—which I think is false, because it neglects the essence of what imperialism is—makes it unnecessary to deepen our

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understanding of the real meaning of the destructions of capitalism as they concern the American people.

A fourth comment: Raskin's populist reduction of Marxism leads to the ignoring of unequal development. Nevertheless, he recognizes that the anti-capitalist forces are stronger in the periphery (Asia, Africa, Latin America). Why are they weaker in the United States? Only this populist reduction can substitute the unilateral view of "inevitable" socialism for the alternative of Marx ("socialism or barbarism"). It is because Marxism has suffered from so much of this reductionism that thinkers like those of the Frankfurt School or Lewis Mumford have been so poorly understood. My concern here is not to make a critical analysis; I have said before (and I expect to develop the point) that Marcuse's *One-Dimensional Man* also reflects a unilateral view (which has been stimulating because it is the dialectical opposite of the populist view). I think that Mumford, who has understood the nature of use-value space as opposed to commodity space, is more Marxist than is generally realized. In the same way, I have written elsewhere about what I mean by unequal development: revolutions in the weakest link (the periphery), a process of decadence in the center (social collapse without accompanying effective political action), particularly in the United States.

There are other important themes which I would like to discuss with my critic, notably that of "occidentalo-centrism" and the relations between the *potential* universal scope of Marxism and the existence of different *historical cultural areas* in which the antagonistic forces of capitalism and socialism have developed on a world scale. I hope to have an opportunity to do this.

Samir Amin

Samir Amin is the author of MR Press books *Accumulation on a World Scale* and *Neo-Colonialism in West Africa.*

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GLIMPSES OF UNDERDEVELOPMENT: A LETTER FROM TURKEY

By Alain J. Rawick

My name is not Osman, Musa, nor is it Huseyin. I am an outsider, a stranger, as I wander through the narrow cobblestoned alleyways surrounding the ancient citadel walls. The din of the hawker's cries gives way to the momentary calling of the muezzin's loudspeakers.

Shabbily dressed mustached men and veiled women, laden with colorful holiday packages, ply the snake-like lanes. Mounting the steep concrete steps I discover a miniature mosque surrounded by a garden with tall leafless trees and an onyx fountain. The path then divides, each one following the circular walls.

A flock of sheep suddenly appears from a darkened archway, their white wool now daubed brilliant blue, vermilion, and yellow, as they are led to slaughter for Kurban Bayrami, the Moslem feast of sacrifice. To the right are empty wooden animal stalls, then a coppersmith's shop and an outdoor spice market. Peering into the coppersmith's dusty window, a metal cup catches my eye, its dirt covering the imprint of designs. The old man is happy as I enter his small shop and point to the cup. I am his first customer. I accept the offered price and he carefully polishes the heavy copper cup. I now notice some Arabic inscriptions with the Ottoman Seal on the one side and the ancient amulet of the Seal of Solo-

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mon, now the Star of David, on the other. He wraps it with some old torn newspaper and, leaving the money on the counter, I continue my walk.

While stopping to light my pipe I notice a young, attractive girl pass by. Our eyes meet and I begin to follow her, waiting for an opportunity to engage in conversation, but her mother calls her. Instead, I watch her disappear into another lane, and find consolation sitting in a small coffeehouse near the pot-bellied stove at the far end.

I order a coffee and relight my pipe, all the time watching the owner smoke his water-pipe and play with his worry beads, occasionally rubbing his legs. Since I was the only other person in the smoke-filled room, I thought I heard him say something about the war of independence, but I couldn't be sure. When he got up, I noticed he limped badly.

Unwrapping my new possession, I admired it against the rays of sun which filtered in through a crack in the ceiling boards. I hadn't noticed the newspaper before, but the yellowed article contained an interview with someone by the name of "Yashar," a so-called revolutionary, who was in prison. It seemed that part of the article was missing, but I was still able to read the faded newsprint:

I was born in the northwest of Elazig, that is, of the Kuzova region in Eastern Anatolia. The village where I grew up was mainly agricultural, with a population of about 700, but with fewer men than women. In order to find a source of income, my father, like the rest of the men, had to leave home in search of employment. As I remember, 85 percent of the male population left. With an increased birth rate, shortages of food and water, it was necessary for the village to get its income from outside.

As a teenager, Yashar, did you, your family, or village elders have any contact with the government?

No, not really. Except when it came to paying taxes and conscription, otherwise nothing.

Do you blame the apathy of the villagers for remaining outside the focus of political power?

The urban middle class, even after repulsing the Greek invasion, never became an integral part of the so-called revolution. Therefore, the revolution was mainly political rather than social. The national military-bureaucratic-feudal landowner establishment joined forces to prevent the urban proletariat and agricultural workers from having a share of political power. With lethargy and disorganization and without a peasant leader, nothing has

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changed for our villagers in these fifty years. Is it a crime to want a better standard of living, schools, roads, and hospitals for three quarters of the population?

Just then the door opened and a worker with blood-stained hands came in and walked over to the faucet behind the counter. He told Mustapha, the proprietor, that he got a good price for the sheep. Drying his hands next to the stove he ordered a coffee, then sat down and lit a cigarette. He seemed curious as he looked at me, then at the copper cup. Finally, he turned away to count his money. When the coffee arrived he took out his knife and began to clean his fingernails.

I then continued to read the article, realizing that a single sentence remained, the final part having been torn: "Yashar, the young university student, was hanged early this morning at Ankara Central Prison. He asked for, and was given, the right to kick the chair out from under himself. . . ."

I tried to find the date of the interview but there was none. It could have been today. Maybe it will take place tomorrow, or the next day.

Leaving the coffeehouse with the article in my pocket, I walked down the hill as the winter sunlight blended with the steaming odors of kebab and baklava. But I could think only of Yashar and the revolution which he believed was yet to come. I felt sick but couldn't vomit. Crossing an intersection, I saw a young child in rags, begging as she sat on some dirty newspapers. Her body was convulsed . . . waiting . . . I bent down and gave her the shiny cup filled with coins. Perhaps tomorrow would be more hopeful. . . .

Alain Rawick, a former Ph.D. fellow at the Hebrew University, was associated with the Institute of African and Asian Studies in Jerusalem.

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F. Office use, left-over, unaccounted, spoiled after printing, returns	632	2,775
G. Total (sum of E and F—should equal net press run shown in A)	12,500	15,000

I certify that the statements made by me above are correct and complete. —PAUL M. SWEEZY, Co-editor

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(*Continued from inside front cover*)

all well represented. But Marxists in the core capitalist countries have also been making important contributions. One of these, Harry Braverman's *Labor and Monopoly Capital,* was published just about a year ago by Monthly Review Press and has been steadily gaining recognition ever since. We are both pleased and proud to be able to inform our readers that for this work Harry Braverman has now been granted the 1974 C. Wright Mills Award by the Society for the Study of Social Problems. The accompanying citation reads in part: "As a Committee, we took our task to be the selection of the work of 1974 which best exemplifies research and writing in the tradition of C. Wright Mills. To us this entails the use of both the Sociological Imagination and meticulous craftsmanship to liberate people by helping to locate their troubles in the structure of the society they live in. The work we selected for the Award seems to us to do that in a remarkable and unique fashion. . . . We believe that it advances the tradition of C. Wright Mills with great distinction, in part by informed and perceptive criticism of conventional sociological approaches which have obscured the nature of a central problem of industrial society, and in part by detailed analysis of concrete empirical data often ignored by abstracted theorists. The book shows that what are so often taken to be isolated, disparate problems can only be understood by the use of a comprehensive analysis. As one who knows the means of production from years of experience on the line, and as one who has masterful command of the Marxist paradigm, the author has produced a work that opens news vistas on the nature of contemporary society and provides new programs for empirical research."

Could anyone honestly say anything like that about the works which earned their authors the Nobel Prize in economics?

The authors of the two-part article on Marxist theories of the capitalist state, which appear in this and last month's issues of MR, have asked us to inform readers that they are members of the San Francisco Bay Area Kapitalistate Group which has editorial responsibility for putting out the periodical *Kapitalistate* (sub price $8 for four issues for individuals, $12 for institutions, single copies $2.50; address: c/o James O'Connor, Department of Economics, San Jose State University, San Jose, Ca. 95114).

The Mid-Atlantic Radical Historians Organization (MARHO) is planning its third Spring Conference to be held some time in March or April 1976 in New York City. The theme of the conference, which should be of great interest to MR readers, is "The Great Depression and the Left." The intention is to have a number of panels and workshops plus two general sessions. The organizers are looking for papers that explore the relationship between the crisis of capitalism, as manifested by the worldwide depression of the 1930s, and the actions of the Left in political, economic, social, and cultural terms. Anyone interested in further details or in presenting a paper should write to Liborio Campisi, 1535 Benson Ave., Brooklyn, N.Y. 11228.

For several years, until quite recently, MR and MR Press, in conjunction with a devoted group of volunteers, operated a free-books-for-prisoners program which was responsible for providing literally thousands of MR Press books to prisoners all over the United States. Much to our regret this had finally to be dropped. The reason was purely financial. Everyone connected with the program was convinced of its great value and believes that its revival in one form or another, properly sponsored and financed, would be most desirable.

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